

CONSOLIDATED  
FINANCIAL STATEMENTS  
AS AT 30/06/2007

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## PRELIMINARY NOTICE

The Consolidated Financial Statements of Gruppo Immobiliare Grande Distribuzione S.p.A. (IGD S.p.A. in brief) as at 30.06.2007, and for the periods shown in comparison, has been prepared according to the International Financial Reporting Standards (IFRS). The interim report including the Notes, consolidates the income and balance sheet of IGD S.p.a., Immobiliare Larice srl, Consorzio Forte di Brondolo and of Millennium Gallery srl, which full ownership was acquired by IGD on 28 February 2007; as to RGD srl, a 50% owned company as of next 30t March 2007, it was consolidated, both income statement and balance sheet, with the proportional method.

The IGD Group is active in property management and leasing, with the objective of increasing the value of its real estate portfolio through, on one hand, the acquisition, development and leasing of commercial properties (Shopping Centres, Hypermarkets, Supermarkets end Malls) and, on the other hand, through the optimisation of the yield on properties of its real estate portfolio, including the possible sale of Malls. In addition, the IGD Group provides a wide range of services, primarily consisting of an agency and facility management activity related to own and third parties' properties.

## CORPORATE BODIES

### Board of Directors:

1. Gilberto Coffari – Chairman
2. Filippo Maria Carbonari – Chief Executive Officer
3. Sergio Costalli – Vice Chairman
4. Mauro Bini - Member
5. Aristide Canosani - Member
6. Leonardo Caporioni - Member
7. Fernando Pellegrini - Member
8. Fabio Carpanelli - Member
9. Massimo Franzoni - Member
10. Roberto Zamboni - Member
11. Francesco Gentili - Member
12. Stefano Pozzoli - Member
13. Sergio Santi - Member
14. Claudio Albertini - Member
15. Riccardo Sabadini – Member

### Board of Statutory Auditors

1. Romano Conti - Chairman
2. Roberto Chiusoli – Auditor
3. Franco Gargani – Auditor

### Internal Audit Committee:

1. Franzoni Massimo - Coordinator
2. Canosani Aristide
3. Caporioni Leonardo

### Supervisory Board:

1. Carpanelli Fabio – Chairman
2. Santi Sergio
3. Gentili Francesco

**Auditors:** The Shareholders' Meeting of 23 April 2007 extended the engagement of Reconta Ernst&Young S.p.A. as Auditors, from the 2007 financial year to the 2012 financial year.

## REAL ESTATE MARKET TRENDS

The Italian macro-economic scenario was very positive during the first half of 2007. Economic growth, consumption levels and employment levels have showed a particularly benign trend. The inflation rate remained substantially stable around 2%

The positive economic environment characterised not only Italy but also the other world-wide economies, albeit in different ways.

This particularly good context led the European Central Bank, fearing increasing inflationary pressure, to implement a restrictive monetary policy.

The international real estate sector witnessed the crisis of certain segments of the Spanish and US markets. The main cause of the former crisis has been associated with a part of the residential supply being inadequate to the requirements of the demand. In the United States the crisis originated from the sub-prime mortgage sector.

Despite general fears of a spreading out of the crisis and of a rise in interest rates, the real estate sector continued to generate positive returns, even if in a more gradual way than in the previous periods. This happened in the whole European continent, even if differently across the various geographical areas, as good performances have been recorded in all the segments of the sector: residential, offices and commercial.

Also in Italy the sector was characterised by good results, shown in the first half of the year.

In general terms, a spreading out effect was contained, because of the different solvency status of the clients of the Italian banking system and because in the past the real estate prices inflation has been slower, despite an acceleration over the latest years.

Furthermore, the rise in prices and interest rates did not lead to a sharp fall in the number of transactions. The habits of the buyers have however changed, with longer mortgages up to 25 years. In addition to this, in Italy the impact of the trend in interest rates was light as most borrowers entered fixed rate mortgages also driven by the preoccupation of a rise in the financing cost.

Overall, prices have increased also during the semester. Alongside with prices, in all the segments of the sector, also rents have increased.

The Retail segment was particularly buoyant.

Currently in Italy several formats are present. This feature depends on the fact that the consumer preferences have changed.

The Factory Outlet format, which has had a significant development over the latest years, is now close to maturity stage as it requires large catchment areas, which are scarce in Italy due to its geography.

A format which is increasingly being successful is the Retail Park. It offers peculiar success factors if compared to the traditional commercial centres. However, it is now the dominating format representing approximately 91% of the total surface (source: Jones Lang Lasalle).

Driven by the change of attitude of the consumers further formats have developed or are being studied: railway stations, sport stadiums, waterfronts transformed in actual commercial centres.

In the segment of the traditional commercial centres, increasing focus has been spent on environmental themes: utilisation of rainwater and recycled materials, improved energy management, etc.

The Areas with broad establishment and development continue to be the Northern regions, even if we witnessed an increasing and sizeable development activity in the South. With regards to the traditional formats, the North is near saturation and the new projects consists primarily of the extension or renovation of existing commercial centres. In the rest of Italy there is still room for developments in the traditional format.

Moving now to review profitability, we note that rents have increased. However, the average level remains below the European average with differences depending on the Regions.

The sector benefited, even if to a lesser extent if compared to the previous years, from a further compression of yields and this was due to the size of the liquidity still available.

In summary, the performance of the commercial centres continue to be positive leading to a high level of interest, as shown by the significant size of new GLA added in the first half of 2007 outlined in the following table (Source: CBRE Professional Services):

Year	GLA	N of Centres
1994	452,020	38
1995	353,200	23
1996	374,600	19
1997	438,135	19
1998	398,988	17
1999	484,216	33
2000	264,513	19
2001	247,887	15
2002	315,995	17
2003	763,200	39
2004	659,700	29
2005	864,696	36
2006	656,394	25
1H07	443,042	13
<b>Total</b>	<b>6716586</b>	<b>342</b>

## MANAGEMENT REVIEW

### INVESTMENTS

During the first half of 2007 the IGD Group continued its real estate development activity, in line with the announced business plan.

- On 8 January 2007, it was signed a preliminary contract with the company Sviluppo Trapani, an unrelated party, for the acquisition of a shopping mall in Trapani. The mall will cover a GLA surface of 14,409 sq.m. and will host 65 shops and 5 medium sized surfaces, in addition to one hypermarket of 8,250 sq.m. sale surface, owned by Ipercoop Sicilia. The commencement of works is expected in June 2008, while the opening is scheduled by the end of 2009. The investment, of a total amount of € 54.670 millions, falls within the industrial plan presented to the financial community in October 2005.

- On 28 February 2007, it was signed a contract with Santoni Costruzioni spa, an unrelated party, for the acquisition of 100% of the company Millenium Gallery srl, which owns part of the shopping mall of the Millenium Center shopping centre in Rovereto (Trento), precisely 32 shops, including one mid-size surface and two warehouses. The investment of a total amount of € 21 millions falls within the industrial plan presented to the financial community in October 2005 and represents the first acquisition in Trentino Alto Adige.

- On 9 March 2007, Immobiliare Grande Distribuzione spa and Beni Stabili spa have executed and gave actual start to a 50/50 Joint Venture called RGD – Riqualficazione Grande Distribuzione, as it was outlined in the cooperation memorandum signed on last 14 November by the two real estate companies.

RGD srl owned 50% by IGD and 50% by Beni Stabili has an initial portfolio represented by 2 shopping centres, located in Ferrara and Nerviano for a total value of approximately € 113.2 millions. The shareholding of IGD spa into RGD srl (formerly Commerciale Prima) was implemented through the conferral in kind of the real estate assets in Ferrara, denominated Darsena City, for € 26,000.00 as capital increase and € 56,574,000.00 as share premium, effective as of 30 March 2007.

- On 26 March 2007, a financing contract was executed with Unipol Merchant and Unipol Banca for a total amount of Eur 100 millions, granted as of 10 April 2007, with the purpose of supporting the investment programme. Such contract is assisted by mortgages and has a maturity of 20 years.

- On 30 May 2007, IGD signed an agreement with Gam, a company of the Despar Italia Group, an unrelated party involved in the development and management of shopping centres in Southern Italy, for the acquisition of a 50/50 shareholding in a new company to be established. This company will own a Shopping Center in Vibo Valentia consisting of one hypermarket of approximately 6,000 sq.m. of shopping surface and a Mall of 12,632 sq.m. of GLA, which opening is expected by next November 2007. The agreement includes an option, after completion of the start-up period within the end of 2009, to purchase a shareholding up to 50% of the share capital of the company owning the Vibo Shopping Centre, which value is estimated at approximately Eur 70 million, through the subscription of a capital increase up to Eur 70 million reserved to IGD, should new opportunities of development arise in the area of interest, or through an outright purchase of the shareholding.

## **CORPORATE EVENTS**

At the beginning of March, the Italian Stock Exchange notified that, following the half year 2006/2007 review, the ordinary shares issued by Igd, traded on the Star segment of the Mercato Telematico Azionario have reached a market capitalisation in excess of the threshold relevant for the classification of shares in the Blue Chip segment and the other segments. Therefore, as of 19 March 2007, the Igd financial instruments were transferred to the Blue Chip segment, pursuant to art. IA.4.1.4 of Regulations of the Exchanges organised and managed by Borsa Italiana.

On 23 April, the ordinary and extraordinary shareholders' meetings of IGD were held. In addition to approving the financial statements, the ordinary shareholders' meeting resolved, following a recommendation from the Board of Statutory Auditors, to extend the auditing engagement of Reconta Ernst & Young until the 2012 financial year and appointed Dr. Andrea Parenti as Deputy Auditor, replacing the Deputy Auditor Andrea De Lucia, who resigned in September 2006.

The Extraordinary Shareholders' Meeting approved the amendment of Articles 3, 6, 12, 18, 22, 23, 26 e 27 of the Corporate By-Laws, also with the objective to comply with the provisions of Law 28.12.2005 n. 262 and Law Decree 29.12.2006 n. 303.

On 7 May 2007, the Board of Directors approved the industrial plan 2008/2012. The new plan, approved ahead of the conclusion of the previous plan dated October 2005, consists of new investments of Eur 800 millions, of which nearly 70% in the core business – purchase, development and leasing of real estate for commercial use and continuous enhancement of their yields. Furthermore, the plan provides for investments in different formats from the typical Shopping Centre, as Gruppo IGD aims at anticipating the developments of the business trends in the sector, as well as investments abroad. The development strategies of the plan include both the leasing and real estate management activity and the services business. The latter represents a key element of the process of enhancement of the value of the Group's real estate assets and leads to the creation of synergies between the marketing activity and the management of malls, which is one of the competitive advantages against competitors.

On 7 May 2007 the Board, in order to support the new industrial plan, used its powers, attributed with a resolution of the Extraordinary Shareholders' Meeting dated 23 April 2007, pursuant to art. 2443 Italian Civil Code, to increase the share capital by a nominal amount of Eur 27 millions through the issuance of 27.000.000 ordinary shares of Eur 1 par value each, with the exclusion of pre-emptive rights, according to art. 2441, fourth paragraph, second sentence of the Italian Civil Code.

The share placement was completed at a price of Eur 3.65 per share raising a total amount of Eur 98.55 millions, with payment and settlement date on 15 May 2007, when the number of outstanding shares of IGD issued post capital increase went from 282,249,261 to 309,249,261.

On 7 and 9 May, also with the objective of financing investments related to the new industrial plan, the Board approved the issue of nominal Eur 230 millions bonds convertible into new shares and the terms and conditions of the issue.

The offering of bonds convertible into ordinary shares of IGD through the collection of orders for subscriptions was completed for the amount approved at the following terms: maturity 5 years, yearly coupon 2.5%, conversion premium 35% over the subscription price for the shares in the capital increase of Eur 3.65, which implies a conversion price of Eur 4,93, a conversion ratio of 20,283,98 shares of IGD for each convertible bonds of Eur 100,000.00 nominal amount and a total number of 46,653,144 underlying shares.

On 25 June 2007, the Extraordinary Shareholders' Meeting resolved the issuance of the bonds convertible into ordinary shares of IGD for a total nominal amount of Eur 230 millions at the terms described above.

The Extraordinary Shareholders' Meeting also resolved to increase the share capital on a divisible basis servicing the conversion of the convertible bonds, pursuant to art. 2420 bis Italian Civil Code, up to the nominal amount of Eur 46,635,144,00 payable also in more tranches, through the issue of 46,653,144 shares, that is in the ratio of 20,283.97565 new ordinary shares of Eur 1.00 par value for each convertible bond of nominal Eur 100.000,00. The payment and settlement date of the transaction was 28 June 2007, when the convertible bonds were admitted to trade on the Euro-MTF market in Luxembourg.

## **FINANCIAL HIGHLIGHTS**

The financial results of the first half of 2007 confirm the positive performance recorded over the previous financial years and the achievement of the long term objectives of the Group, particularly in terms of profitability, size growth and assets under management.

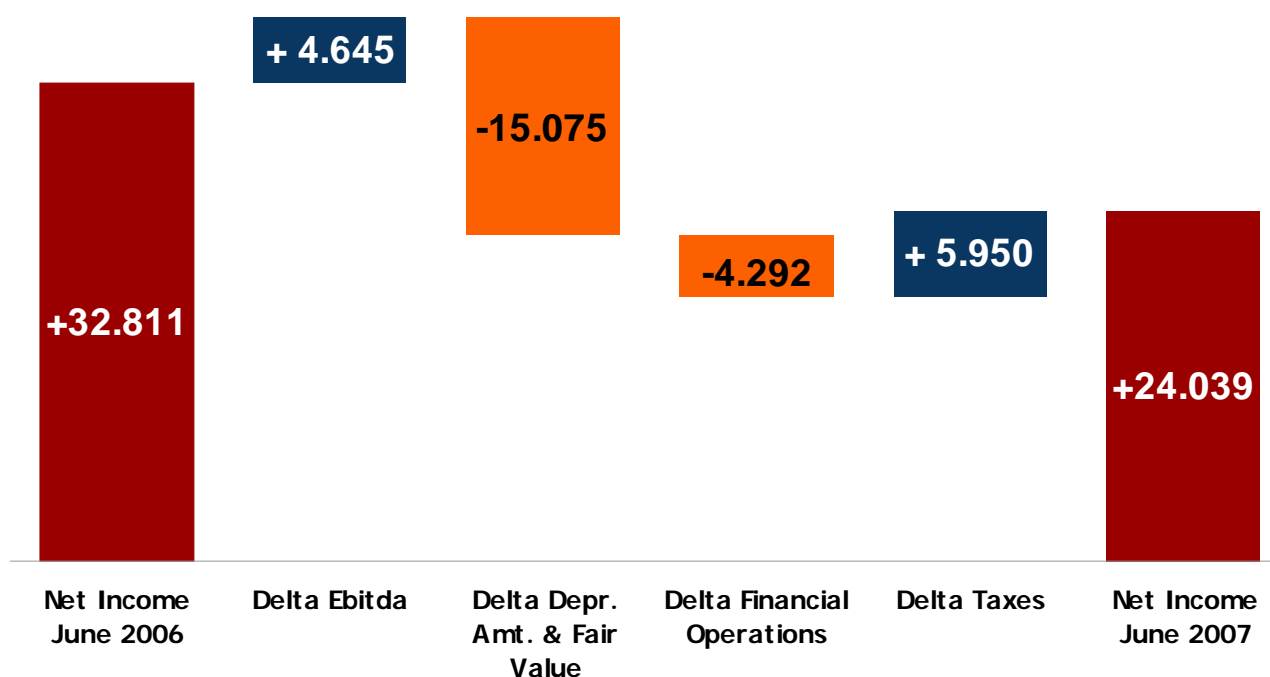
## **INCOME STATEMENT REVIEW**

The financial results of the IGD Group for the first half of 2007, and for the period showed in comparison, have been prepared according to the IAS/IFRS principles, issued by IASB and ratified by the European Union, in compliance with art. 81 of the CONSOB Issuers' Rules, no. 11971 of 14 May 1999 and subsequent modifications.

## CONSOLIDATED INCOME STATEMENT

	1 H '07	1 H '06	Δ	Δ
Revenues from Freehold Assets	26,202,922	20,682,314	5,520,608	26.69%
Revenues from Leasehold Assets	6,449,050	6,507,101	-58,051	-0.89%
Revenues from Services	1,487,607	1,341,061	146,546	10.93%
Other Revenues	2,089,316	221,094	1,868,222	844.99%
<b>TOTAL REVENUES</b>	<b>36,228,895</b>	<b>28,751,570</b>	<b>7,477,325</b>	<b>26.01%</b>
Purchases of Materials and Outside Services	9,833,407	19,908,385	-10,074,978	-50.61%
Personnel Costs	1,918,836	1,350,751	568,085	42.06%
Other Operating Costs	1,619,329	1,486,232	133,097	8.96%
Change in Inventory	-84,116	-12,290,548	12,206,432	-99.32%
<b>EBITDA</b>	<b>22,941,439</b>	<b>18,296,750</b>	<b>4,644,689</b>	<b>25.39%</b>
Depreciation and Amortisation	151,384	499,662	-348,278	-69.70%
Change in Fair Value	24,505,575	39,928,686	-15,423,111	-38.63%
<b>EBIT</b>	<b>47,295,630</b>	<b>57,725,774</b>	<b>-10,430,144</b>	<b>-18.07%</b>
<b>Net financial result</b>	<b>-6,832,679</b>	<b>-2,540,870</b>	<b>-4,291,809</b>	<b>168.91%</b>
Financial Income	3,395,146	2,631,001	764,145	29.04%
Financial Expenses	10,227,825	5,171,871	5,055,954	97.76%
<b>PROFIT BEFORE TAX</b>	<b>40,462,951</b>	<b>55,184,904</b>	<b>-14,721,953</b>	<b>-26.68%</b>
Income Taxes for the period	16,423,628	22,373,731	-5,950,103	-26.59%
<b>NET PROFIT</b>	<b>24,039,323</b>	<b>32,811,173</b>	<b>-8,771,850</b>	<b>-26.73%</b>

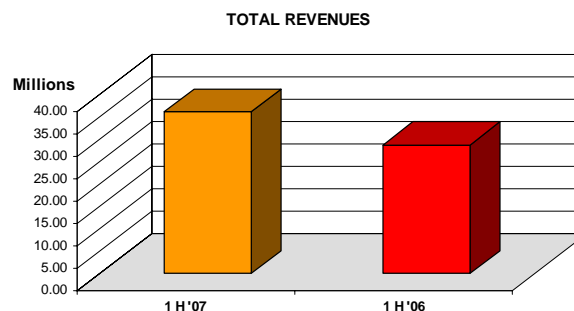
The consolidated financial statements at 30 June 2007 show a net income result of **Eur 24,04** millions, with an decrease of **Eur 32,81** millions, with respect to the net consolidated income at 30 June 2006, explained mainly by the revaluation of real estate assets that in June 2006 amounted € 39,93 millions, while in June 2007 amounted to € 24,51, that is € 15,42 millions lower.



In the first half 2007 revenues amounted to € 36.228.895, up 26.01% if compared to the same period of the previous year:

The positive contributions to the result included:

- ✓ Increase in rents, related to the existing portfolio at the same date of the previous year, of 4.24%, compared with an ISTAT inflation adjustment rate on the value of the contracts below 2%, thanks to the re-negotiation of certain contracts during the second half of 2006 and a lower vacancy rate.
- ✓ The purchase of the Centro Sarca mall, contributing for 6 months in 2007
- ✓ The purchase of the Millennium Gallery mall
- ✓ The RGD joint venture, contributing 50% since March
- ✓ An increase in revenues from services of 10.93%, due to the increase in the number of managed malls, with 4 new mandates acquired in 2007.

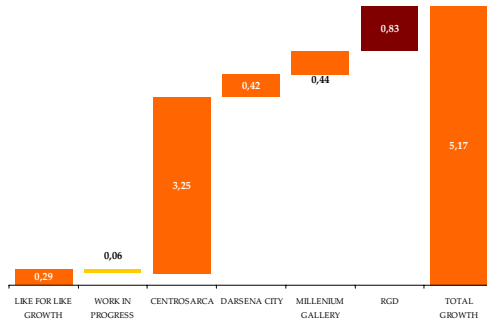


The margins of each strategic business units show positive growth, if compared to the first quarter of 2006, with the exception of the margins from the services business, as the revenues of this activity originate partly from facility management, which is recognised on an ongoing basis, and partly from the agency business, whereby revenues are recognised only on completion and opening of the commercial centre.

#### CONSOLIDATED INCOME STATEMENT

	1 H '07	1 H '06	Δ	Δ
Margin from Freehold Assets	24,528,310.74	19,355,077.90	5,173,232.84	26.73%
Margin from Leasehold Assets	713,524.78	524,343.45	189,181.33	36.08%
Margin from Services	658,770.88	714,372.50	-55,601.62	-7.78%
<b>GROSS MARGIN FROM SBUs</b>	<b>25,900,606.40</b>	<b>20,593,793.85</b>	<b>5,306,812.55</b>	<b>25.77%</b>
Headquarter Staff Costs	1,255,287.47	852,799.00	402,488.47	47.20%
Spese generali	1,703,879.93	1,444,244.85	259,635.08	17.98%
<b>EBITDA</b>	<b>22,941,439.00</b>	<b>18,296,750.00</b>	<b>4,644,689.00</b>	<b>25.39%</b>
Depreciation & Amortisation	151,384.00	499,662.00	-348,278.00	-69.70%
Change in Fair Value	24,505,575.00	39,928,686.00	-15,423,111.00	-38.63%
<b>EBIT</b>	<b>47,295,630.00</b>	<b>57,725,774.00</b>	<b>-10,430,144.00</b>	<b>-18.07%</b>
Margin from Financial Operations	-6,832,679.00	-2,540,870.00	-4,291,809.00	168.91%
<b>EARNINGS BEFORE TAX (EBT)</b>	<b>40,462,951.00</b>	<b>55,184,904.00</b>	<b>-14,721,953.00</b>	<b>-26.68%</b>
Income Taxes for the period	-16,423,628.00	-22,373,731.00	5,950,103.00	-26.59%
<b>NET INCOME</b>	<b>24,039,323.00</b>	<b>32,811,173.00</b>	<b>-8,771,850.00</b>	<b>-26.73%</b>

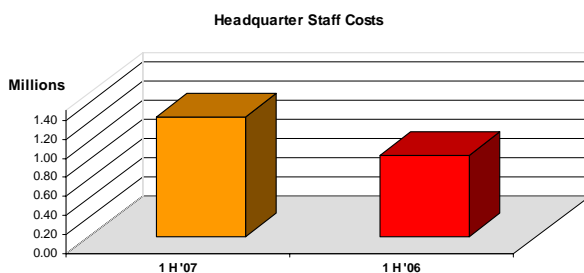
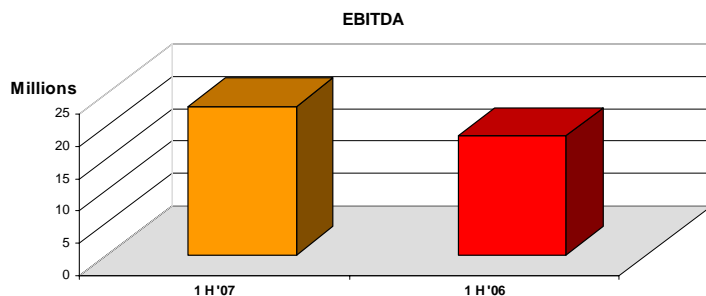
- ✓ **SBU 1 – Real Estate Leasing: Margin on Freehold Assets:** this margin stood at € 24.53 millions during the First Half of 2007, as compared to € 19.36 millions during the same period of the previous year, a 26.73% increase. The positive change of €5.17 millions is explained as to 5.53% by like-for-like growth and as to approximately 95.5% by the new acquisitions made between the second half of 2006 and the first months of 2007. The profitability ratio of this activity amounted to 93.61% vs. 93.58% in the 1st Half 2006.



- ✓ **SBU 1 - Real Estate Leasing: Margin on Leasehold Assets:** this margin recorded an increase of € 189,181 due to the sale of Centro Leonardo shopping centre business unit, which in the previous year recorded a sharp negative margin, due to the closing of shops for the extension works at the shopping centre. The profitability ratio stood at 11.06% vs. 8.06% of the previous year.

- ✓ **SBU 2 – Services Activity: Margin from Agency and Facility Management:** The margin amounted to approximately € 658,770. Despite the increase in revenues due to the acquisition of new management assignments, the margin decreased as the ongoing marketing activities (Agency), will only be recognised in revenue terms in the second part of the year.

- ✓ **Ebitda** amounted to € 22,941,439 up 25.39% with respect to the same period of the previous year; in fact the increase in revenues was accompanied by an increase of operating costs, in line with the operational guidelines of the IGD Group, targeted to business development and the related implementation of its internal organisation.

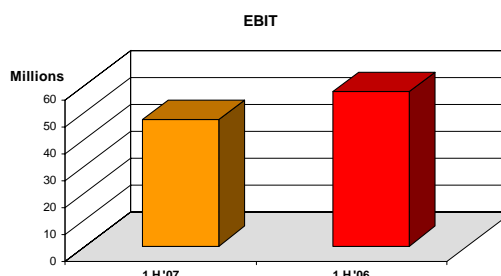


structure needs to be in line with the above time horizon. As a result, the cost item that

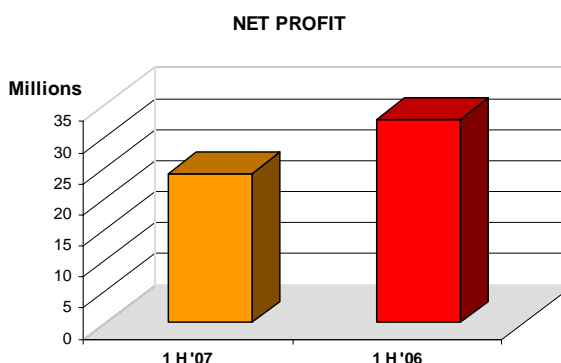
Due to the nature of its business and the type of real estate assets, for each new investment, the organisation structure starts to operate 18 – 24 months before the opening; therefore the Group organisation

showed the highest growth has been that of headquarter staff costs: in the first half of 2007 it increased by 47.20%. General expense stood at approximately € 1,703,880 an increase of 17.28% vs. the previous year. It is worth noting however that the weight of these costs as a percentage of revenues decreased from 5.02% of 2006 to 4.7% this year. Good profitability is ensured with Ebitda margin of 63.32%.

- ✓ The decrease in **Ebit** amounted to approximately € 10,43 millions and is due to the change in fair value that in 2007 was lower by € 15.42 millions.



**Net income** totalled € 24.04 millions, down 26.73% for the reasons previously discussed in addition to an increase of interest expense by € 5,950,694 related to the interest rates trends. The Net Financial Position in the First Half of 2007 showed a positive change due the capital increase. The impact on the balance of financial operations is negligible as the transaction was completed in May.



## BALANCE SHEET AND FINANCIAL REVIEW

The balance sheet and financial situation of the IGD Group as at 30 June 2007, compared with data as at 31 December 2006, can be summarised as follows:

### SOURCES - USES

	dec-06	Jun-06	Δ	%
Fixed Assets	969,336,184.00	1,040,197,757.00	70,861,573.00	7.31%
NWC	10,064,295.00	9,600,934.00	-463,361.00	-4.60%
Other L/T Assets and Liabs.	-61,002,758.00	-89,639,828.00	-28,637,070.00	46.94%

<b>TOTAL USES</b>	<b>918,397,721.00</b>	<b>960,158,863.00</b>	<b>41,761,142.00</b>	<b>4.55%</b>
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Net Equity	580,338,534.00	722,523,797.00	142,185,263.00	24.50%
Net Financial Position	338,059,187.00	237,635,066.00	-100,424,121.00	-29.71%

<b>TOTAL SOURCES</b>	<b>918,397,721.00</b>	<b>960,158,863.00</b>	<b>41,761,142.00</b>	<b>4.55%</b>
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The main changes are the following:

- ✓ **Fixed Assets** went from € 969.33 millions to € 1,040.2 millions in the First Half 2007; the € 70.86 million change is due to:

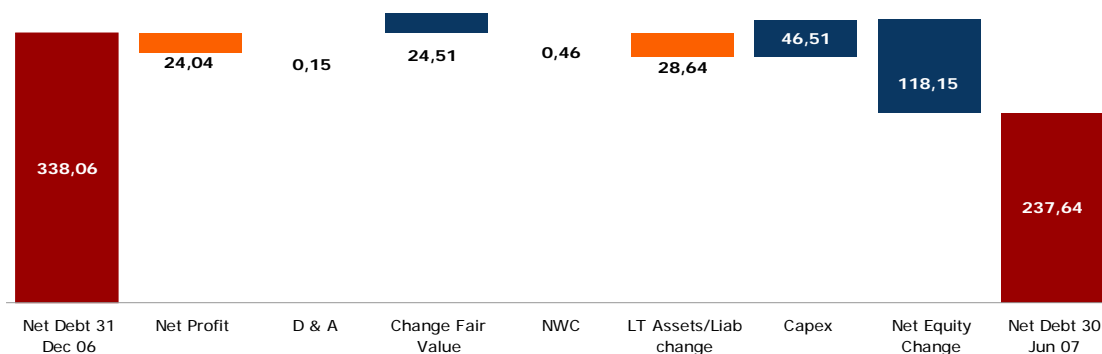
- Intangible Assets:
  - Goodwill related to the purchase of the equity stakes in the Millennium Gallery and RGD
- Real Estate Assets:
  - Revaluation of the Real Estate Portfolio
  - Additions to single units
  - The Millennium real estate assets and 50% of the Nerviano asset. For further details we refer to the notes to the financial statements
- Work in Progress:
  - Decrease due to the “Darsena City” shopping centre in Ferrara, conferred to RGD, accounted for at 50% as of 30 (for further information we refer to the notes to the financial statements).
  - Increase due to the payment of the confirmatory deposit related to the development of a shopping mall in Trapani and advance payments on land.

**Other long term assets and liabilities:** the change of € 28.64 millions is due mainly to deferred income tax on the fair value of the real estate assets as at 30 June 2007

✓ **Net Equity** at 30 June 2007 stood at € 722.52 millions. In May, with the approval of the new industrial plan 2008-2012, the share capital was increased by 27,000,000 shares and € 230,000,000 bonds convertible were issued. For more details on the changes we refer to the explanatory notes to the financial statements.

✓ **Net financial position:** during the first half of 2007 it showed a change of € 100.42 millions, due to the funds arising from the capital increase and the convertible bonds transaction. With

the new industrial plan, the target level of financial leverage for the company remained unchanged at 60%



debt and 40% equity, equal to a gearing ratio of 1.5x. Currently the gearing ratio of the Group is 0.33x.

## SEGMENT INFORMATION

Below we present the income and balance sheet statements reclassified by single business unit.

INCOME STATEMENT	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06
	ATTIVITA' LOCATIVA		SERVIZI		TOTALE	
SALES	32,651,972	27,189,415	1,487,607	1,341,061	34,139,579	28,530,476
DIRECT COSTS	7,410,137	7,309,994	828,837	626,689	8,238,973	7,936,682
DIVISIONAL GROSS MARGIN	25,241,836	19,879,421	658,771	714,373	25,900,606	20,593,794
REVENUES COSTS (UNDIVIDED)					2,959,267	2,297,044
EBITDA	25,241,836	19,879,421	658,771	714,373	22,941,339	18,296,750
REVALUATION, DEPR. & AMORT:	24,354,191	39,429,024			24,354,191	39,429,024
EBIT	49,596,027	59,308,445	658,771	714,373	47,295,530	57,725,774
FINANCIAL RESULTS					- 6,832,679	- 2,540,870
TAXES					- 16,423,628	- 22,373,731
NET INCOME					24,039,223	32,811,173

BALANCE SHEET	30-Jun-07	31-Dec-06	30-Jun-07	31-Dec-06	30-Jun-07	31-Dec-06
	ATTIVITA' LOCATIVA		SERVIZI		TOTALE	
REAL ESTATE PORTFOLIO	878,646,923	802,084,092	0	0	878,646,923	802,084,092
INVESTMENTS	134,979,368	145,607,470	0	0	134,979,368	145,607,470
NET WORKING CAPITAL	11,059,418	-6,098,516	756,788	368,504	11,816,206	-5,730,012
OTHER L/T LIABILITIES	-97,175,770	-73,927,318	-189,798	-196,275	-97,365,568	-74,123,593
OTHER ASSETS (UNDIVIDED)					32,081,934	-10,892,785
TOTAL ASSETS	927,509,939	867,665,728	566,990	172,229	960,158,863	856,945,172
NET FINANCIAL POSITION	208,598,761	290,228,887	-3,045,629	-2,729,464	205,553,132	287,499,423
NET EQUITY	718,911,178	577,436,841	3,612,619	2,901,693	722,523,797	580,338,534
OTHER LIABILITIES (UNDIVIDED)					32,081,934	-10,892,785
TOTAL LIABILITIES & EQUITY	927,509,939	867,665,728	566,990	172,229	960,158,863	856,945,172

## SUBSEQUENT EVENTS

On 13 July 2007, IGD signed a preliminary contract for the acquisition of a Retail Park in Spilamberto (Modena) with the company Le Alte srl. The start of the works is planned in 2008, while the opening of the Retail Park is expected in 2010. The Retail Park will host three large surfaces, seven medium sized surfaces and a block services/restaurants of a total GLA of 28,800 sq.m. The preliminary contract also provides for the implementation of a service station in the same area. The total amount of the investment amounted to € 59.5 millions of which € 2.9 millions paid as confirmatory deposit while the remaining 90% will be paid on the basis of the work in progress during 2008 and 2009.

On 20 July 2007, IGD signed an agreement for the establishment of a NewCo with the objective of developing a Multi-function Centre in Livorno. The agreement provides that IGD owns 80% of the share capital of the new company of € 40 millions with the option to sell 20% to a financial partner, while the remaining 20% will be owned by Azimut Benetti, the luxury yachts operator. The NewCo will acquire the area called "Porta Mare" ("Sea Gate") currently owned by STU Porta a Mare SpA; the development over 5 to 7 years consists of part reclaim, part demolition, part reconstruction for a total of 70,616 sq. m. with retail, services, residential and hosting facilities. The development and activation will take place through stages, based on the project schedule, with the already approved urbanisation works starting within the year. Once the centre is completed, IGD will acquire and manage the retail outlets, while the non-retail portions will be sold to dedicated operators and private individuals. The overall transaction amount for the development of the NewCo will be approximately 200 millions euros, while the investment by IGD for the acquisition of the retail outlets will amount to € 80 millions.

On 3 August 2007, IGD signed a preliminary agreement for the purchase of a shopping mall in Peschiera Borromeo (Milan). The Shopping Centre, which opening is planned in early 2010, will host an ipercoop owned by Coop Lombardia and the mall will have a GLA of approximately 16,800 sq.m. The amount of the investment will total approximately € 80 millions. The Commercial Centre will be built by a company whose shares, after the development stage, will be 15% owned by IGD with the objective of following and coordinating the development stage; at the execution of the contract € 1.5 millions were paid as confirmatory deposit.

On 6 August 2007 the IGD Group signed a set of preliminary agreements for the acquisition of 2 retail complexes already opened in Vigevano (Pavia) and Beinasco (Turin) from unrelated companies. In Beinasco, IGD will acquire approximately 80% of the shopping mall of the "Le Fornaci" shopping centre which has a total extension 6,820 sq.m. of GLA; furthermore the contract grants an option for the purchase of the Megashopping centre of 14,028 sq.m. GLA. In Vigevano IGD will acquire the mall with a surface of 15,925 sq. m. of GLA in the "Il Ducale" shopping centre consisting of 70 shops and one ipercoop of Coop Lombardia. The overall amount of the investments stands at € 80 millions; at the signing of the preliminary contracts € 24 millions were paid, with the balance due at the closing expected in February 2008.

On 8 August 2007, IGD acquired from an unrelated party a piece of land of 14,345 sq.m. for a consideration of 3,4 millions euros plus tax, next to the Porto Grande Shopping Centre in San Benedetto del Tronto, aimed at an extension plan for this centre.

We enclose below the Reconciliation Statement between Net Equity and Net Result of the Parent Company and the Net Equity and Net Result for the Consolidated Statements.

**STATEMENT OF RECONCILIATION BETWEEN NET EQUITY AND NET INCOME  
OF THE PARENT COMPANY AND THE NET EQUITY AND NET INCOME  
OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Values in Euros

	<b>Net Equity at 30.06.2007</b>	<b>Net Income at 30.06.2007</b>
<b>Net Equity and Net Income as reported in the Financial Statements of the Parent Company</b>	716,728,362	19,421,542
<b>Write-off of the Book Value of the Consolidated Investments:</b>		
- Difference between Book Value and Fair Value, pro- rata, of the Net Equity of the Investments	(22,850,050)	
Net earnings, pro-rata, of the investments	4,873,183	4,873,183
<b>Revaluation of the Net Assets of the Investments</b>		
<b>Consolidation Adjustments</b>	24,019,991	0
<b>Write-offs of Intra-group Shareholdings</b>	(255,401)	(255,401)
<b>Group companies accounted with the equity method</b>	0	0
<b>Net Equity and Net Group Income</b>	722,516,084	24,039,323
<b>Minority Interest and Earnings</b>	7,714	
<b>Net Equity and Net Income as reported in the Consolidated Financial Statements</b>	722,523,798	24,039,323

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET

	Notes	30-Jun-07 (a)	30-Jun-06 (b)	Changes (a-b)
<b>NON CURRENT ASSETS:</b>				
<b>Intangible Assets:</b>				
- Intangible Assets with a defined life		7,291	8,009	(718)
- Goodwill	1)	26,564,175	21,636,613	4,927,562
		<u>26,571,466</u>	<u>21,644,622</u>	<u>4,926,844</u>
<b>Tangible Assets</b>				
- Real Estate Assets	2)	878,025,000	801,357,000	76,668,000
- Plant & Machinery		302,578	345,821	(43,243)
- Equipment		142,984	151,788	(8,804)
- Leasehold Improvements		176,361	229,483	(53,122)
- Assets under Construction	3)	134,979,368	145,607,470	(10,628,102)
		<u>1,013,626,291</u>	<u>947,691,562</u>	<u>65,934,729</u>
<b>Other non current assets</b>				
- Prepaid Taxes	4)	3,500,539	2,527,106	973,433
- Miscellaneous Receivables and Other Non Current Assets		4,225,201	10,593,729	(6,368,528)
- Non Current Financial Assets		6,245,630	3,441,200	2,804,430
		<u>13,971,370</u>	<u>16,562,035</u>	<u>(2,590,665)</u>
<b>TOTAL NON CURRENT ASSETS (A)</b>		<b>1,054,169,127</b>	<b>985,898,219</b>	<b>68,270,908</b>
<b>CURRENT ASSETS:</b>				
Trade and Other Receivables		8,709,868	7,132,193	1,577,675
Trade and Other Receivables from Affiliates		1,386,127	3,173,411	(1,787,284)
Other Current Assets		12,900,539	16,894,679	(3,994,140)
Financial Receivables and Other Curr. Fin. Receivables	5)	40,277,787	0	40,277,787
Financial Receivables and Other Curr. Fin. Receivables from Affiliates	5)	11,185	7,069	4,116
Cash and Cash Equivalents	6)	264,913,656	20,492,172	244,421,484
<b>TOTAL CURRENT ASSETS (B)</b>		<b>328,199,162</b>	<b>47,699,524</b>	<b>280,499,638</b>
<b>TOTAL ASSETS (A + B)</b>		<b>1,382,368,289</b>	<b>1,033,597,743</b>	<b>348,770,546</b>
<b>NET EQUITY:</b>				
Parent Company Interest	7)	722,516,083	580,330,820	142,185,263
Minority Interest		7,714	7,714	0
<b>TOTAL NET EQUITY ( C )</b>		<b>722,523,797</b>	<b>580,338,534</b>	<b>142,185,263</b>
<b>NON CURRENT LIABILITIES</b>				
Non Current Financial Liabilities	8)	468,158,795	179,063,610	289,095,185
Severance Indemnity Fund (TFR)		341,308	285,678	55,630
Deferred Tax Liabilities	4)	84,700,891	61,541,143	23,159,748
Provision for Risks and Deferred Charges		443,854	502,184	(58,330)
Misc. Payables and Other Non Current Liabilities		223,054	173,933	49,121
Misc. Payables and Oth. Non Current Liabilities vs. Affiliates		11,656,461	11,620,655	35,806
<b>TOTAL NON CURRENT LIABILITIES (D)</b>		<b>565,524,363</b>	<b>253,187,203</b>	<b>312,337,160</b>
<b>CURRENT LIABILITIES</b>				
Current Financial Liabilities	8)	80,351,541	182,838,098	(102,486,557)
Current Financial Liabilities vs. Affiliates	8)	572,988	97,920	475,068
Trade and Other Payables		8,981,938	12,620,136	(3,638,198)
Trade and Other Payables vs. Affiliates		685,504	2,057,524	(1,372,020)
Current Tax Liabilities		2,215,272	1,100,372	1,114,900
Other Current Liabilities		1,512,886	1,357,956	154,930
<b>TOTAL CURRENT LIABILITIES (E)</b>		<b>94,320,129</b>	<b>200,072,006</b>	<b>(105,751,877)</b>
<b>TOTAL LIABILITIES (F=D + E)</b>		<b>659,844,492</b>	<b>453,259,209</b>	<b>206,585,283</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>		<b>1,382,368,289</b>	<b>1,033,597,743</b>	<b>348,770,546</b>

**CONSOLIDATED INCOME STATEMENT**

	30-Jun-07	30-Jun-06	Changes
	(a)	(b)	(a-b)
Revenues:	32,861,299	27,211,545	5,649,754
- Revenues vs. Affiliates	14,414,385	11,641,558	2,772,827
- Revenues vs. Third Parties	18,446,914	15,569,987	2,876,927
Other Revenues:	3,367,596	1,540,025	1,827,571
- Other Revenues	3,367,596	1,540,025	1,827,571
<b>Total Sales and Operating Revenues</b>	<b>36,228,895</b>	<b>28,751,570</b>	<b>7,477,325</b>
Purchases of Materials and Outsourced Services:	9,833,407	19,908,385	(10,074,978)
- Purchases of Materials Centro Leonardo	0	12,290,548	(12,290,548)
- Purchases of Materials and Outsourced Services	8,243,971	5,828,671	2,415,300
- Purchases of Materials and Outsourced Services from Affiliates	1,589,436	1,789,166	(199,730)
Personnel Costs	1,918,836	1,350,751	568,085
Other Operating Costs	1,619,329	1,486,232	133,097
Change in Inventory:	(84,116)	(12,290,548)	12,206,432
- Change in Inventory Centro Leonardo	(84,116)	(12,290,548)	12,206,432
<b>EARNINGS BEFORE DEPRECIATION, AMORTISATION GAIN/LOSS ON DISPOSALS, REVERSALS/WRITE-OFFS OF NON CURRENT ASSETS (EBITDA)</b>	<b>22,941,439</b>	<b>18,296,750</b>	<b>4,644,689</b>
Depreciation and Amortisation	151,384	499,662	(348,278)
Change in fair Value	24,505,575	39,928,686	(15,423,111)
<b>OPERATING INCOME (EBIT)</b>	<b>47,295,630</b>	<b>57,725,774</b>	<b>(10,430,144)</b>
Financial Income	3,395,146	2,631,001	764,145
Financial Expense	10,227,825	5,171,871	5,055,954
<b>EARNINGS BEFORE TAX (EBT)</b>	<b>40,462,951</b>	<b>55,184,904</b>	<b>(14,721,953)</b>
Income Tax for the Period	16,423,628	22,373,731	(5,950,103)
<b>NET INCOME</b>	<b>24,039,323</b>	<b>32,811,173</b>	<b>(8,771,850)</b>
<i>Attributable to:</i>			
* Parent Company Interest	24,039,323	32,811,173	
* Minority Interest	0	0	
<i>Earnings per Share</i>			
- Base calculated on Income for the Period	0.083	0.116	
- Diluted calculated on Income for the Period	0.083	0.116	

# STATEMENT OF CHANGES IN NET EQUITY

## STATEMENT OF CHANGES IN NET EQUITY IN THE FIRST HALF 2006

	Share Capital	Share Premium Reserves	Legal Reserve	Other Reserves	Retained Earnings (Losses)	Net Income for the period	Group Net Equity	Minority Interest	Consolidated Net Equity
<b>Balance at 31 December 2005 - IAS/IFRS</b>	282,249,261	76,180,288	998,720	83,040,202	3,099,717	81,665,847	527,234,035	0	527,234,035
Distribution of 2005 earnings			359,197	33,429,418	41,682,530	(75,456,363)	14,782		14,782
Dividends Paid						(6,209,484)	(6,209,484)		(6,209,484)
Changes in the Consolidation Area							0	7,714	7,714
Unrealised gains (losses) arising from the fair value assessment of derivative hedge instruments				4,075,925			4,075,925		4,075,925
Income taxes				0			0		0
Net income (loss) for the period						32,811,173	32,811,173		32,811,173
									0
<b>Balance at 30 June 2006 - IAS/IFRS</b>	282,249,261	76,180,288	1,357,917	120,545,545	44,782,247	32,811,173	557,926,431	7,714	557,934,145

## STATEMENT OF CHANGES IN NET EQUITY IN THE FIRST HALF OF 2007

	Share Capital	Share Premium Reserves	Legal Reserve	Other Reserves	Retained Earnings (Losses)	Net Income for the period	Group Net Equity	Minority Interest	Consolidated Net Equity
<b>Balance at 31 December 2006 - IAS/IFRS</b>	282,249,261	76,180,288	1,357,917	161,480,451	2,382,935	56,679,968	580,330,820	7,714	580,338,534
Distribution of 2006 earnings			2,776,035	35,766,612	8,217,117	(46,801,243)	(41,479)	0	(41,479)
Dividends Paid						(9,878,725)	(9,878,725)	0	(9,878,725)
Share Capital Increase	27,000,000	71,550,000		(2,056,764)			96,493,236	0	96,493,236
Convertible Bonds Issue				29,694,648			29,694,648	0	29,694,648
Unrealised gains (losses) arising from the fair value assessment of derivative hedge instruments				2,804,390			2,804,390	0	2,804,390
Income Taxes				(926,130)			(926,130)	0	(926,130)
Net income (loss) for the period						24,039,323	24,039,323	0	24,039,323
<b>Balance at 30 June 2007 - IAS/IFRS</b>	309,249,261	147,730,288	4,133,952	226,763,207	10,600,052	24,039,323	722,516,083	7,714	722,523,797

## CONSOLIDATED CASH FLOWS STATEMENT

CASH FLOWS STATEMENT FOR THE PERIOD ENDED	30/06/2007	30/06/2006
<i>(in Euros)</i>		
CASH FLOWS FROM OPERATIONS		
<b>Net Income for the Period</b>	<b>24,039,323</b>	<b>32,811,173</b>
<b>Reconciliation of the income for the period with the cash flows generated (used) for the operating activity:</b>		
Depreciation and Amortisation	151,384	154,267
Net Change in Deferred Tax (assets) and liabilities for (prepaid) deferred taxes	15,366,793	19,554,542
Change in the Fair Value of Real Estate Assets	(24,505,575)	(39,928,686)
Changes due to impairment test	0	345,395
Change in Inventory	0	(11,793,075)
Net Change in current assets and liabilities	(1,203,022)	(32,743,480)
Net Change in current assets and liabilities vs. Affiliates	415,264	5,516,240
Net Change in non current assets and liabilities	8,254,960	4,383,706
Net Change in non current assets and liabilities vs. Affiliates	35,806	0
<b>CASH FLOWS FROM OPERATIONS (a)</b>	<b>22,554,934</b>	<b>(21,699,918)</b>
Investments in Fixed Assets	39,630,783	(74,136,725)
Investments in Consolidated Subsidiaries	(70,913,025)	0
<b>CASH FLOW USED FOR INVESTMENTS (b)</b>	<b>(31,282,242)</b>	<b>(74,136,725)</b>
Purchase of non current financial assets	(2,804,430)	13,753,300
Change in financial receivables and other current receivables	(40,277,787)	0
Change in financial receivables and other current receivables vs. Affiliates	(4,116)	0
Share Capital Increase	96,493,236	0
Share Capital Increase - Convertible Bonds Issue	29,694,648	0
Change in Minority Interest	0	7,714
Dividend Payment	(9,878,725)	(6,209,484)
Change in current financial liabilities	(102,486,557)	78,625,479
Change in current financial liabilities vs. Affiliates	475,068	0
Change in non current financial liabilities	281,351,026	(13,819,482)
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES (c)</b>	<b>252,562,363</b>	<b>72,357,527</b>
<b>NET INCREASE (DECREASE) OF CASH ASSETS FOR THE PERIOD</b>	<b>243,835,055</b>	<b>(23,479,116)</b>
<b>CASH ASSETS AT THE START OF THE PERIOD</b>	<b>20,492,172</b>	<b>25,434,209</b>
<b>CASH ASSETS ACQUIRED THROUGH ACQUISITION OF CONSOLIDATED SUBSIDIARIES</b>	<b>586,430</b>	<b>0</b>
<b>CASH ASSETS AT THE END OF THE PERIOD</b>	<b>264,913,656</b>	<b>1,955,093</b>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## Corporate Information

Immobiliare Grande Distribuzione S.p.A. (IGD S.p.A.) is a corporation headquartered in Via Agro Pontino n. 13, Ravenna, which shares are listed on Mercato Telematico of Borsa Italiana – Blue Chip Segment. The publication of these interim consolidated financial statements was authorised with a resolution of the Board of Directors, dated 12 September, 2007.

## Preparation Criteria and Accounting Principles

The consolidated half-year report of Gruppo Immobiliare Grande Distribuzione at 30 June 2007 has been prepared according to Art. 81 of the Consob Regulation n. 11971 of 14 May 1999 and subsequent amendments.

It consists of the consolidated balance sheet, the consolidated income statement, the consolidated cash flows statement, the statement of changes in consolidated net equity and the notes to the consolidated interim financial and it has been prepared according to IAS 34 – Interim Reports applying the same accounting principles used for the preparation of the consolidated financial statements at 31 December 2006, that is the International Financial reporting Standards (hereinafter “IFRS” or “International accounting principles”) as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Commission. As IFRS we refer also to all the revised International accounting standards (“IAS”), all the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) including the ones previously issued by the Standing Interpretation Committee (SIC).

The criteria of consolidation, the accounting principles, the criteria and principles for estimates and valuations are homogeneous with the ones adopted for the preparation of the consolidated financial statements at 31 December 2006, which we refer to, with the exclusion of the principle related to the accounting of the leasing contracts, deriving from the acquisition of the controlled company Millennium Gallery which took place in the first half of 2007, described below:

### Leasing

Assets owned pursuant to financial lease contracts, characterised by the transfer to the Company of all the risks and benefits deriving from the ownership of the leased assets, are recognised among fixed assets as of the start date of the leasing contract at the fair value of the leased asset or, if lower, at the net present value of the minimum lease payments, including the price of the final purchase option. The related liability is recognised among financial debts. The leasing instalments are reclassified between capital portion and interest portions to obtain the application of a constant interest rate on the residual balance (capital portion). The interest expense is recognised to the income statement. The capitalised leased assets, related to an asset recognised as real estate assets, are accounted at the fair value, as in the case of all the other freehold real estate assets.

As of 2007 the following international accounting principles and interpretations already published in the G.U.C.E., which do not have any meaningful effects on the evaluation of the accounts of the Group but only on its information, are also applied:

- IFRIC 8 “*Area of Application of IFRS 2*”, defining that the IFRS 2 accounting principle “*Payment in shares*” applies to the transactions where one party makes payments in shares for apparently nil or inadequate consideration;
- IFRIC 9 “*Revaluation of embedded derivative instruments*”, which disposes on certain aspects of the treatment of embedded derivatives instruments within the framework IAS 39 “*Financial Instruments: Recognition and Measurement*”;
- IFRIC 10 “*Interim Financial Statements and Long Term Loss in Value*”, which clarifies that the losses due to a long term reduction in value recognised for goodwill and certain financial assets (investments in instruments representing capital recognised as “available for sale” and instruments representing capital not recognised at cost) shown in an interim report do not have to be reversed in subsequent interim or annual statements.

We note that in G.U.C.E. it was also published IFRIC 11 "Transactions with treasury stock and group shares" which first application is required as of 2008 and therefore not applied here.

The reporting schedules used for the preparation of the interim report have been drafted according to what provided for by the IAS 1 principle, and in particular:

- the balance sheet statement has been prepared presenting "current" and "non current" assets and liabilities;
- the income statement has been prepared recognising items "by kind";
- the cash flow statement has been prepared according to IAS 7, showing the cash flows of the period classified by operating, investing and financial activity. The cash flows from operating activity are shown using the "indirect method".

## Area of Consolidation

During the first semester 2007, the companies Millennium Gallery srl and Riqualficazione Grande Distribuzione – RGD srl were included in the area of consolidation. The related data are provided in the following table, showing the list of all the companies included in the consolidation area at 30/06/2007:

Company	% of shareholding	Headquarters	Share Capital (Eur)	Consolidation method	Activity
Immobiliare Larice srl	100	Ravenna - Via Villa Glori 4	74,500,000.00	Full	Management of Shopping Centres
Consorzio Forte di Brondolo	86.08	Castenaso (Bologna) Via Villanova 29/7	-	Full	Urbanisation Consortium
Millennium Gallery srl	100	Ravenna - Via Villa Glori 4	100,000.00	Full	Development and Management of Shopping Centres
Riqualficazione Grande Distribuzione RGD srl	50	Milano - Via Venezia	52,000.00	Proportional	Acquisition and Disposal of Real Estate

On 28 February 2007, it was acquired 100% of the share capital of the company Millenium Gallery srl, which owns part of the shopping mall of the Millenium Center shopping centre in Rovereto (Trento), more precisely 32 shops including one mid-size surface and two warehouses. The investment of a total amount of € 22 millions falls within the industrial plan presented to the financial community in October 2005 and represents the first acquisition in Trentino Alto Adige.

On 9 March 2007, with effect as of 30 March 2007, Immobiliare Grande Distribuzione spa and Beni Stabili spa have executed and gave actual start a 50/50 Joint Venture, established as a jointly owned corporate entity, called RGD – Riqualficazione Grande Distribuzione, as it was provided in the cooperation memorandum signed on last 14 November by the two real estate companies.

RGD srl owned 50% by IGD and 50% by Beni Stabili has an initial portfolio represented by 2 shopping centres, located in Ferrara and Nervino for a total value of approximately € 113.2 millions. The shareholding of IGD spa into RGD srl (formerly Commerciale Prima) was implemented through the conferral in kind of the real estate assets in Ferrara, denominated Darsena City, for € 26,000.00 as capital increase and € 56,574,000.00 as share premium.

The joint venture company has been consolidated using the proportional method. The application of this method implies that the balance sheet of the shareholding company includes its share of the assets that it jointly controls and of liabilities for which it is jointly responsible. The income statement of the shareholding company recognises its share of revenues and costs of the jointly controlled company.

The reporting scheme adopted for the proportional consolidation consisted of adding the share of each asset, liability, revenue and cost of the jointly controlled entity to the respective item of the financial statements of IGD, line by line.

## Seasonality

The business of the company is not affected by trends deriving from cyclical or seasonal factors.

## Segment Information

As discussed in the Management Review, we display below the schedule of the balance sheet statements and of the income statement, by single business unit.

INCOME STATEMENT	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06
	ATTIVITA' LOCATIVA		SERVIZI		TOTALE	
SALES	32,651,972	27,189,415	1,487,607	1,341,061	34,139,579	28,530,476
DIRECT COSTS	7,410,137	7,309,994	828,837	626,689	8,238,973	7,936,682
DIVISIONAL GROSS MARGIN	25,241,836	19,879,421	658,771	714,373	25,900,606	20,593,794
REVENUES COSTS (UNDIVIDED)					2,959,267	2,297,044
EBITDA	25,241,836	19,879,421	658,771	714,373	22,941,339	18,296,750
REVALUATION, DEPR. & AMORT:	24,354,191	39,429,024			24,354,191	39,429,024
EBIT	49,596,027	59,308,445	658,771	714,373	47,295,530	57,725,774
FINANCIAL RESULTS					6,832,679	2,540,870
TAXES					16,423,628	22,373,731
NET INCOME					24,039,223	32,811,173

BALANCE SHEET	30-Jun-07	31-Dec-06	30-Jun-07	31-Dec-06	30-Jun-07	31-Dec-06
	ATTIVITA' LOCATIVA		SERVIZI		TOTALE	
REAL ESTATE PORTFOLIO	878,646,923	802,084,092	0	0	878,646,923	802,084,092
INVESTMENTS	134,979,368	145,607,470	0	0	134,979,368	145,607,470
NET WORKING CAPITAL	11,059,418	-6,098,516	756,788	368,504	11,816,206	-5,730,012
OTHER LT LIABILITIES	-97,175,770	-73,927,318	-189,798	-196,275	-97,365,568	-74,123,593
OTHER ASSETS (UNDIVIDED)					32,081,934	-10,892,785
TOTAL ASSETS	927,509,939	867,665,728	566,990	172,229	960,158,863	856,945,172
NET FINANCIAL POSITION	208,598,761	290,228,887	-3,045,629	-2,729,464	205,553,132	287,499,423
NET EQUITY	718,911,178	577,436,841	3,612,619	2,901,693	722,523,797	580,338,534
OTHER LIABILITIES (UNDIVIDED)					32,081,934	-10,892,785
TOTAL LIABILITIES & EQUITY	927,509,939	867,665,728	566,990	172,229	960,158,863	856,945,172

## Corporate Aggregation

### Acquisition of Millennium Gallery S.r.l.

On 28 February 2007, the Group acquired 100% of the company "Millennium Gallery S.r.l.". The company owns part of the shopping mall of the Millennium Center shopping centre in Rovereto (Trento). The acquisition of this shareholding was accounted with the purchase method, which requires the recognition, on the date of the acquisition, at the fair value of the measurable assets (including any intangibles previously not recognised) and measurable liabilities (including contingent liabilities and excluding future restructurings) of the acquired company. The difference between the acquisition cost and the net fair value of the measured assets, liabilities and contingent liabilities of the acquired companies was recognised as goodwill.

The acquisition had a total cost of Eur 14,313,025. In particular, the fair value of real estate assets refers to the fair value measurement at the date of the acquisition of the shopping mall in the Millennium Center shopping centre.

The comparison between the fair value and the book value (according to IAS/IFRS of the measurable assets and liabilities of Millennium Gallery srl at the date of the acquisition) is shown in the following table:

	<i>BOOK VALUE</i>	<i>FAIR VALUE</i>
<b>NON CURRENT ASSETS</b>		
Intangible Assets	0.00	0.00
Fixed Assets	22,015,855.00	22,015,855.00
Other Non Current Assets	10,519.00	10,519.00
<b>TOTAL NON CURRENT ASSETS</b>	<b>22,026,374.00</b>	<b>22,026,374.00</b>
<b>CURRENT ASSETS</b>		
Inventory	0.00	0.00
Trade receivables	276,119.00	276,119.00
Other Current Assets	303,813.00	303,813.00
<b>TOTAL CURRENT ASSETS</b>	<b>579,932.00</b>	<b>579,932.00</b>
<b>TOTAL ASSETS</b>	<b>22,606,306.00</b>	<b>22,606,306.00</b>
<b>NON CURRENT LIABILITIES</b>		
Non current financial liabilities	6,609,851.00	6,609,851.00
Deferred Tax Liabilities	4,495,944.00	4,495,944.00
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>11,105,795.00</b>	<b>11,105,795.00</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	930,000.00	930,000.00
Other current liabilities	209,509.00	209,509.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,139,509.00</b>	<b>1,139,509.00</b>
<b>TOTAL LIABILITIES</b>	<b>12,245,304.00</b>	<b>12,245,304.00</b>
<b>NET ASSETS</b>	<b>10,361,002.00</b>	<b>10,361,002.00</b>
<b>GOODWILL</b>		<b>3,952,023.00</b>
<b>ACQUISITION COST</b>		<b>14,313,025.00</b>

The balance between the acquisition cost and the fair value of net assets of Millennium Gallery srl outlined above, equal to Eur 3,952,023 was recognised as Goodwill.

We outline that the income statement of the controlled company included in the consolidated financial statements of the Group at the date of this acquisition showed net income of Eur 1,559,406.

#### Acquisition of Riquilificazione Grande Distribuzione RGD S.r.l.

On 9 March 2007, effective as of 30 March 2007, Immobiliare Grande Distribuzione spa and Beni Stabili spa gave operational start to the 50/50 Joint Venture denominated RGD – Riquilificazione Grande Distribuzione, as provided in the cooperation memorandum signed on last 14 November by the two real estate companies.

RGD srl owned 50% by IGD and 50% by Beni Stabili has an initial portfolio represented by 2 shopping centres, located in Ferrara and Nervino. The acquisition of this shareholding, which was made by way of a conferral in kind of a real estate asset with commercial use, was accounted with the purchase method, which requires the recognition, on the date of the acquisition, at the fair value of the measurable assets (including any intangibles previously not recognised) and measurable liabilities (including contingent liabilities and excluding future restructurings) of the acquired company. The difference between the acquisition cost and the net fair value of the measured assets, liabilities and contingent liabilities of the acquired companies was recognised as goodwill.

The conferral had a total cost of Eur 56,600,000. In particular, the fair value of real estate assets refers to the fair value measurement at the date of the acquisition of the shopping mall in the Darsena City Center shopping centre.

The comparison between the fair value and the book value (according to IAS/IFRS of the measurable assets and liabilities of RGS srl at the date of the acquisition) is shown in the following table:

	BOOK VALUE	FAIR VALUE
<b>NON CURRENT ASSETS</b>		
Intangible Assets	0.00	0.00
Fixed Assets	59,184,102.00	59,184,102.00
Other Non Current Assets	0.00	0.00
<b>TOTAL NON CURRENT ASSETS</b>	<b>59,184,102.00</b>	<b>59,184,102.00</b>
<b>CURRENT ASSETS</b>		
Inventory	0.00	0.00
Trade receivables	10,111.00	10,111.00
Other Current Assets	6,217,613.00	6,217,613.00
<b>TOTAL CURRENT ASSETS</b>	<b>6,227,724.00</b>	<b>6,227,724.00</b>
<b>TOTAL ASSETS</b>	<b>65,411,826.00</b>	<b>65,411,826.00</b>
<b>NON CURRENT LIABILITIES</b>		
Non current financial liabilities	1,134,308.00	1,134,308.00
Deferred Tax Liabilities	2,330,867.00	2,330,867.00
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>3,465,175.00</b>	<b>3,465,175.00</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	5,723,707.00	5,723,707.00
Other current liabilities	598,483.00	598,483.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,322,190.00</b>	<b>6,322,190.00</b>
<b>TOTAL LIABILITIES</b>	<b>9,787,365.00</b>	<b>9,787,365.00</b>
	<b>0.00</b>	<b>0.00</b>
<b>NET ASSETS</b>	<b>55,624,461.00</b>	<b>55,624,461.00</b>
<b>GOODWILL</b>		<b>975,539.00</b>
<b>ACQUISITION COST</b>		<b>56,600,000.00</b>

The balance between the acquisition cost and the fair value of net assets of RGD srl outlined above, amounts to Eur 975,539 was recognised as Goodwill.

We outline that the income statement of the controlled company included in the consolidated financial statements of the Group at the date of acquisition showed net income of Eur 635,750.

## Note 1) Goodwill

The changes in Goodwill at 30 June 2007 have been:

	Goodwill
<b>Book Value at 31/12/06</b>	<b>21,636,613</b>
Increase due to Acquisitions	0
Increase due to Changes in Consolidation Area	4,927,562
<b>Book Value at 30/06/07</b>	<b>26,564,175</b>

The increase in the period refers to the acquisition of the companies Millennium Gallery srl and Riqualficazione Grande Distribuzione srl, discussed above.

Below we show the break-down of Goodwill by CGU at 30 June 2007.

<b>Goodwill</b>	
Immobiliare Larice (Centro Sarca)	19,092,429
Centro Nova	545,625
Città delle Stelle	64,828
Lungo Savio	416,625
San Donà	448,444
San Ruffillo	62,636
Gescom Service	1,006,026
Millennium Center	3,952,023
RGD	975,539
<b>Total</b>	<b>26,564,175</b>

## Note 2) Real Estate Investments

As required by IAS 40, below we provide a reconciliation statement between the values at the beginning and end of the period, with separate indication of increases and decreases due to sale or to fair value valuation.

<b>Real Estate Assets measured at Fair Value</b>	
<b>Book Value at 31/12/06</b>	<b>801,357,000</b>
Increase due to Acquisitions	417,325
Increase due to Change in Cons. Area	51,745,100
Changes in Fair Value	24,505,575
<b>Book Value at 30/06/07</b>	<b>878,025,000</b>

The increase due to changes in perimeter is explained by the purchase of the Millennium Gallery mall and of the 50% of the Nerviano shopping centre, owned by the company RGD srl. The increase due to acquisitions refers to minor additions in the Esp, Borgo, Abruzzo, Lame, Imola, Livorno and Casilino Shopping Centres. The adjustment to fair value refers to the value of the Real Estate Investments at 30 June 2007.

## Note 3) Assets under Construction

<b>ASSETS UNDER CONSTRUCTION</b>	
<b>Book Value at 31/12/06</b>	<b>145,607,470</b>
Increases due to Changes in Consol. Area	1,145,103
Increases due to Acquisitions	16,393,679
Decreases due to Changes in Consolid. Area	(28,166,884)
<b>Book value at 30/06/07</b>	<b>134,979,368</b>

The increase is mainly due to the advance confirmatory payments for the purchase of new shopping centres, land (See Note 15, Contingencies and Risk) and for extension works at the Esp, Chioggia, Mondovì, Centro d'Abruzzo, Guidonia, Conegliano, Catania, Trapani, Palermo, Livorno e Afragola shopping centres. The decrease refers to the conferral of Darsena into the company RGD and the related consolidation of 50% of it.

## Note 4) Prepaid Tax Assets and Deferred Tax Liabilities

<b>DEFERRED INCOME TAX ASSETS &amp; LIABS.</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change</b>
Deferred Tax Assets	3,500,539	2,527,106	973,433
Deferred Tax Liabilities	(84,700,891)	(61,541,143)	(23,159,748)

Below we provide details of the items:

	30/06/2007	31/12/2006	Change
Effect on Intangible Assets write-off	34,131	35,819	(1,688)
Tax Effect on other items	250,338	19,987	230,351
Effect on the recognition to equity of IPO Costs	1,413,842	1,696,609	(282,767)
Effect on Capital Increase 07/05/07	1,098,853	0	1,098,853
Effect on the tax depreciation of Goodwill	491,206	520,914	(29,708)
Taxable Provisions	151,275	164,880	(13,605)
Effect on the provision for variable compensation	60,894	88,897	(28,003)
<b>TOTAL RECEIVABLES FOR DEFERRED TAX ASSETS</b>	<b>3,500,539</b>	<b>2,527,106</b>	<b>973,433</b>

The Receivables for Prepaid Tax Assets include primarily the tax effect of IAS accounting. We note that there are no prepaid taxes on tax losses. Those taxes are recognised as "Non Current Prepaid Tax Assets", in relation to their utilisation over the next financial periods.

	30/06/2007	31/12/2006	Change
Accelerated Tax Depreciation	2,836,199	2,836,199	0
Accelerated Tax Depreciation - Land	4,742,225	4,742,225	0
Tax Depreciation Items	14,226,428	9,528,839	4,697,589
Amortised Gains	304,605	350,771	(46,166)
Tax Effect on Real Estate fair value at 1/01/04	35,291,425	35,291,425	0
Tax Effect on Real Estate fair value at 31/12/04	6,123,735	6,123,735	0
Tax Effect on Real Estate fair value at 31/12/05	12,452,458	12,452,458	0
Tax Effect on Real Estate fair value at 31/12/06	42,228,361	42,228,361	0
Tax Effect on Real Estate fair value at 30/06/07	15,404,726	0	15,404,726
Tax effect of reversal of Real Estate depreciation at 31/12/04	5,145,178	5,145,178	0
Tax effect of reversal of Real Estate depreciation at 31/12/05	5,333,099	5,333,099	0
Tax effect of reversal of Real Estate depreciation at 30/06/07	1,175,001	0	1,175,001
Tax Effect on IRS transactions	2,061,045	1,135,596	925,449
Tax Effect of IAS 19 calculation of TFR	1,898	1,898	0
Tax Effect on Millennium Leasing transaction	1,004,257	0	1,004,257
Effect of fair value measurement of real estate operations	38,807	39,914	(1,107)
Tax effect on statutory revaluation L 266/205	(63,668,556)	(63,668,556)	0
<b>TOTAL LIABILITIES FOR DEFERRED TAX PAYABLES</b>	<b>84,700,891</b>	<b>61,541,142</b>	<b>23,159,749</b>

The Deferred Tax Liabilities Provision includes both taxes calculated on fiscal depreciation recognised only in the context of the tax declaration and the effects of International Standards accounting: the increase over the period is explained by the above effects.

## Note 5) Financial Receivables and Other Current Financial Assets

	30/06/07	31/12/06	Changes
UBS Trend Accrual Bill Securities	40,005,200	0	40,005,200
Accruals	272,587	0	272,587
Financial Assets vs. Affiliates	11,185	7,069	4,116
<b>Total Financial Assets</b>	<b>40,288,972</b>	<b>7,069</b>	<b>40,281,903</b>

This item consists essentially of the subscription of a guaranteed capital security.

## Nota 6) Cash and Other Cash Equivalents

	30/06/2007	31/12/2006	Changes
Cash at Banks and Postal Deposits	264,898,732	20,487,610	244,411,122
Cash	2,072	4,562	(2,490)
Cheques	12,852	0	12,852
<b>Total Cash Assets</b>	<b>264,913,656</b>	<b>20,492,172</b>	<b>244,421,484</b>

The increase in cash was generated by the liquidity arising from the issue of the Convertible Bonds.

## Note 7) Net Equity

As already described in the Management Review, on 7 May 2007 the Board of Directors used its powers, attributed with a resolution of the Extraordinary Shareholders' Meeting dated 23 April 2007, to increase the share capital by a nominal amount of Eur 27 millions through the issue of 27.000.000 ordinary shares of Eur 1 par value each, with the exclusion of pre-emptive rights, according to art. 2441, fourth paragraph, second sentence of the Italian Civil Code.

The share placement was completed at a price of Eur 3.65 per share raising a total amount of Eur 98.55 millions, with payment and settlement date on 15 May 2007 (determining a Share Premium Reserve of Eur 71.55 millions); as of this date the number of shares of IGD in issue post capital increase went from 282,249,261 to 309,249,261

Furthermore in June 2007, Eur 230 millions bonds convertible into ordinary shares of IGD of 5-year maturity were issued, consisting of 2,300 bonds of Eur 100,000 par value each convertible into shares of the company, with a yearly 2,5% coupon.

According to IAS 32 this combined financial instrument was recognised for an amount of Eur 195,908,652 as financial liability (corresponding to the fair value at the date of issue of the liability component) and for Eur 29,694,648 as Net Equity reserves (corresponding to the value of the conversion option attributed to bondholders) as outlined below.

The liability amount was recognised as debt, net of the costs of the transaction.

The Share Capital at 30 June 2007 consists of 309,249,261 shares of Eur 1 par value each. The shares are fully paid and there are no rights, privileges, or restrictions attached to them in either the distribution of dividends or the repayment of capital. The Group does not hold any of its own shares at the date of these interim consolidated financial statements.

Below we show the details for the item Other Reserves at 30 June 2006 and 30 June 2007:

OTHER RESERVES BREAK-DOWN	First-time adoption IAS/IFRS Reserve	Euro translation reserve	Goodwill Reserve	Income (Losses) directly posted to net equity	Fair Value Reserve	Total Other Reserves
<b>Balance at 31 December 2005</b>	(36,696,658)	23,113	13,735,610	(5,203,499)	111,181,636	83,040,202
Change in Fair Value of the Real Estate Assets					33,429,418	33,429,418
Unrealised gain (losses) from measurement to Fair Value of financial hedge derivatives instrument				4,075,925		4,075,925
Income Taxes						0
<b>Balance at 30 June 2006</b>	(36,696,658)	23,113	13,735,610	(1,127,574)	144,611,054	120,545,545

OTHER RESERVES BREAK-DOWN	First-time adoption IAS/IFRS Reserve	Euro translation reserve	Goodwill Reserve	Convertible Bonds Issue Reserve	Income (Losses) directly posted to net equity	Fair Value Reserve	Total Other Reserves
Balance at 31 December 2006	(1,191,950)	23,113	13,735,610	0	(2,577,198)	151,490,876	161,480,451
Capital Increase Expenses					(2,056,764)		(2,056,764)
Convertible Bonds Issue				29,694,648			29,694,648
Fair Value Measurement of Real Estate Assets						35,766,612	35,766,612
Unrealised gain (losses) from measurement to Fair Value of financial hedge derivatives instrument					2,804,390		2,804,390
Income Taxes					(926,130)		(926,130)
Balance at 30 June 2007	(1,191,950)	23,113	13,735,610	29,694,648	(2,755,702)	187,257,488	226,763,207

The reserve "Gains (losses) directly posted to net equity" is formed by the effects of unrealised gains and losses (net of taxes), which derive from the adjustment to fair value of those financial instruments aimed at hedging cash flows (cash flow hedge).

The "Reserve for the first-time adoption of IAS/IFRS" offsets entries made for the adaptation of the financial statement prepared according to Italian Civil Law, to the one prepared according to IAS/IFRS principles, as at 1 January 2004.

## Nota 8) Current and Non Current Financial Liabilities

Non current financial liabilities	Maturity	Balance 30/06/07	Balance 31/12/06	Change
<b>Convertible Bond</b>		<b>195,974,181</b>	<b>-</b>	<b>195,974,181</b>
<b>Loans from Banks - Mortgages</b>		<b>272,184,614</b>	<b>179,063,610</b>	<b>93,121,004</b>
Banca Pop.di Verona scarl	31/5/2001 - 31/5/2011	8,669,044	9,970,025	(1,300,981)
Intesa BCI spa	31/5/2001 - 31/5/2011	9,118,986	10,512,181	(1,393,195)
Unicredit Banca Impresa spa/Mediocredito	5/4/2001 - 5/4/2011	7,746,853	9,037,996	(1,291,143)
Banca Toscana spa Casilino	31/12/01 - 31/12/2015	22,150,016	23,355,116	(1,205,100)
Banca Toscana spa Casilino	31/12/01 - 31/12/2013	10,086,348	10,874,618	(788,270)
Banca Toscana spa Livorno	5/4/2001 - 5/4/2011	20,487,895	22,089,068	(1,601,173)
Banca Toscana spa Livorno	5/4/2001 - 5/4/2011	17,651,109	19,030,582	(1,379,473)
Interbanca spa	25/9/2006 - 5/10/2021	48,107,975	48,120,002	(12,027)
Bnl	6/9/2006 - 6/10/2016	25,230,770	26,074,022	(843,252)
Unipol Banca spa	6/04/2007 - 6/04/2027	96,765,800	-	96,765,800
Hypo Tirol Leasing spa	1/04/2004 - 1/07/2012	6,169,818	-	6,169,818
<b>Total</b>		<b>468,158,795</b>	<b>179,063,610</b>	<b>289,095,185</b>

The change in financial liabilities refer to the issue of convertible bonds, the grant of the Unipol Banca spa loan facility, the Millennium Gallery financial leasing transaction and the decrease of outstanding loans at 31/12/2006 for the interest portion related to the first half of 2007.

The convertible bonds debt wholly refers to the convertible bonds issued by IGD spa in June 2007. The actual interest rate of this loan amounted to 6.02% as compared to a nominal interest rate of 2.5%.

	Balance 30/06/07	Balance 31/12/06	Change
<b>Due to Affiliates</b>			
TCA treasury a/c	572,988	97,920	475,068
<b>TOTAL CURR. FIN. LIABS. WITH AFFILIATES</b>	<b>572,988</b>	<b>97,920</b>	<b>475,068</b>
<b>Due to Banks</b>			
Unicredit Banca d'impresa - Bologna	-	3,382,660	(3,382,660)
Cassa Risparmio PD RO - Hot Money	10,018,889	10,004,242	14,647
Cassa Risparmio PD RO - Rovigo	-	2,574	(2,574)
Banca Pop. Emilia Romagna - Hot Money	-	24,000,000	(24,000,000)
Banca Pop. Emilia Romagna - Sede BO	-	57,960	(57,960)
Banca Toscana - Hot money	25,113,056	15,150,563	9,962,493
Carisbo - Hot Money	10,026,409	10,011,645	14,764
Bnl - Hot Money	10,019,265	-	10,019,265
Gespro - Hot Money	-	10,010,310	(10,010,310)
Bnl - Bologna	30,340	9,848,396	(9,818,056)
Ubs - Brescia	7,346	-	7,346
	17	-	17
Unipolbanca - Bologna	-	23,089,633	(23,089,633)
Banca di Roma	317	1	316
Banca delle Marche	30,760	21,857,949	(21,827,189)
<b>Total</b>	<b>55,246,399</b>	<b>127,415,933</b>	<b>- 72,169,534</b>
<b>Due to Banks - Mortgages</b>			
Banca Pop.di Verona scarl	2,758,889	2,761,527	- 2,638
Intesa BCI spa	2,798,721	2,732,865	65,856
Unicredit Banca Impresa/Mediocredito	2,681,794	2,696,099	- 14,305
Banca Toscana spa Casilino 1	2,380,808	2,322,740	58,068
Banca Toscana spa Casilino 2	1,557,314	1,519,330	37,984
Banca Toscana spa Livorno 1	3,163,293	3,086,140	77,153
Banca Toscana spa Livorno 2	2,725,299	2,658,828	66,471
BNL - mutuo Rimini	2,123,873	2,103,877	19,996
Interbanca loan	811,458	35,540,759	- 34,729,301
Unipol Banca spa - Bologna	4,103,693	0	4,103,693
<b>Total</b>	<b>25,105,142</b>	<b>55,422,165</b>	<b>- 34,420,716</b>
<b>TOTAL CURR. FIN. LIABILITIES</b>	<b>80,351,541</b>	<b>182,838,098</b>	<b>- 106,590,250</b>

## Note 9) Net Financial Position

The net financial position of the Group is the following:

	30/06/2007	31/12/2006
CASH AND OTHER CASH EQUIVALENTS	264,913,656	20,492,172
FINANCIAL RECEIVABLES AND OTHER CURRENT ASSETS	40,288,972	7,069
<b>LIQUID ASSETS</b>	<b>305,202,628</b>	<b>20,499,241</b>
CURRENT FINANCIAL LIABILITIES	80,924,529	182,936,018
<b>CURRENT FINANCIAL DEBT</b>	<b>80,924,529</b>	<b>182,936,018</b>
<b>NET CURRENT FINANCIAL DEBT</b>	<b>-224,278,099</b>	<b>162,436,777</b>
NON CURRENT FINANCIAL ASSETS	6,245,630	3,441,200
NON CURRENT FINANCIAL LIABILITIES	468,158,795	179,063,610
<b>NET NON CURRENT FINANCIAL DEBT</b>	<b>461,913,165</b>	<b>175,622,410</b>
<b>NET FINANCIAL DEBT</b>	<b>237,635,066</b>	<b>338,059,187</b>

## Note 10) Income Taxes

The main items forming income taxes for the periods ending 30 June 2007 and 30 June 2006 are the following:

<b>INCOME TAXES</b>	<b>30/06/2007</b>	<b>30/06/2006</b>	<b>Change</b>
Current Taxes	1,080,711	2,819,188	(1,738,478)
Deferred/Prepaid Taxes	15,342,918	19,554,543	(4,211,626)
<b>TOTAL</b>	<b>16,423,628</b>	<b>22,373,731</b>	<b>(5,950,103)</b>

## Note 11) Earnings per Share

As required by IAS 33 we supply information on the data used for the calculation of earnings per share and diluted earnings.

For the determination of *basic earnings per share* we used as numerator the economic result for the period, net of minority interest earnings. Furthermore we note that there are no preferred dividends, conversion of preferred shares and comparable items, that may adjust the economic result available for distribution to the holders of ordinary share capital instruments. As denominator we used the average number of outstanding ordinary shares in issue.

The *diluted earnings per share* is the same as the earnings per share as: the convertible bonds issue has not had any dilutive effect at the closing of the period; there are no ordinary shares that might have a dilutive effect and no shares or warrants are to be exercised that might have the same effect.

	<b>30/06/2007</b>	<b>30/06/2006</b>
Net income attributable to the parent company shareholders	24,039,323	32,811,173
Average weighted number of shares in issue for the calculation of base earnings per share	290,349,261	282,249,261
<b>Base Earnings per Share</b>	<b>0.083</b>	<b>0.116</b>
<b>Diluted Earnings per Share</b>	<b>0.083</b>	<b>0.116</b>

There have been no transactions on ordinary shares, between the date of the balance sheet and the date of its preparation.

## Note 12) Dividends

Dividends paid on ordinary shares during the first half 2007 were as follows:

	<b>30/06/2007</b>	<b>31/12/2006</b>
<i>Declared and paid during the semester</i>		
Dividends on ordinary shares related to 2006 dividend (equal to Euro 0.035 per share)	9,878,725	6,209,484

## Note 13) Disclosure on Related Parties

Below we supply information required by IAS 24 par. 17.

	RECEIVABLES	PAYABLES	REVENUES/ OTHER INCOME	FINANCIAL COSTS/EXP	TOTAL
Coop Adriatica Soc. Coop	762,523	8,878,079	10,797,214	1,714,569	22,152,385
Robintur Spa	203	6,762	118,284	28,487	153,736
Sageco spa	0	0	175,260	0	175,260
Fin. AD Bologna spa	7,641	0	7,641	0	15,282
Tca Srl	11,185	578,988	11,185	163,128	764,486
Librerie.Coop Spa	73,288	1,904	65,369	1,904	142,465
Unicoop Tirreno Scarl	15,231	0	13,821	31,136	60,188
Vignale Immobiliare Spa	57,473	305,085	78,441	0	440,999
Vignale Comunicazione Srl	150,000	0	210,000	0	360,000
Ipercoop Tirreno Spa	319,767	3,144,136	2,975,052	0	6,438,955
<b>TOTAL</b>	<b>1,397,311</b>	<b>12,914,954</b>	<b>14,452,267</b>	<b>1,939,224</b>	<b>30,703,756</b>
<b>TOTAL STATEMENT</b>	<b>328,199,162</b>	<b>94,320,129</b>	<b>36,228,895</b>	<b>13,287,456</b>	
<b>WEIGHT %</b>	<b>0.4%</b>	<b>13.7%</b>	<b>39.9%</b>	<b>14.6%</b>	

The Group has financial and economic relationships with its parent company Coop Adriatica, with other companies of the Coop Adriatica Group (Sageco S.p.A., Robintur S.p.A., Librerie Coop spa and TCA S.r.l.) and with some companies of the Unicoop Tirreno Group (Vignale Immobiliare, Vignale Comunicazioni and Ipercoop Tirreno). Transactions with related parties take place at normal market conditions and are accounted at nominal value

The transactions carried out with the parent company Coop Adriatica are related to:

- financial and economic dealings regarding the leasing (as lessor) of properties intended for use as hypermarkets, one of which is also for use as a mall;
- financial and economic dealings regarding the leasing (as lessee) of properties intended for use as malls, invoiced by the parent company;
- financial and economic dealings regarding services supplied by the parent company in the following areas: Taxes, Asset Portfolio, Payroll and EDP.
- capitalised costs related to the assignment of services for the development of real estate projects.

Operations with TCA S.r.l. exclusively regard financial transactions of collection and payment. TCA S.r.l. is the corporate treasurer of the Coop Adriatica group.

Transactions carried out with Sageco S.p.A. are related to financial and economic dealings regarding the leasing (as lessor) of a property intended for use as a supermarket.

Transactions carried out with Robintur S.p.A. are related to the rental of a shop belonging to the group in the mall of the Miralfiore shopping centre.

Operations with Vignale Immobiliare refers to liabilities for security deposits on leasing contracts;

Transactions with Ipercoop Tirreno refer to:

- liabilities for security deposits on leasing contracts;
- financial and economic dealings related to the leasing (as lessor) of real estate for use as Hypermarket;
- Operations with Librerie Coop S.p.A. refer to financial and economic dealings related to the leasing (as lessor) of real estate units inside shopping centres.

## Note 14) Risk Management

The Group financial instruments, which are not derivatives, include bank loans, bank call and short term deposits. Such instruments are intended to finance the Group's operating activities. The Group has several other kinds of financial instruments in place, such as trade receivables and payables, which derive from its operations. The Group has also carried out derivative interest rate transactions. Their aim is to manage the interest rate risk generated by the group operations and their sources of financing. The main risks generated by the financial instruments of the Group are interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and decides on policies to manage these risks, as summarised below. The Group also controls the market price risk generated by the financial instruments. The accounting standards adopted by the Group for hedging derivatives are indicated in the following Note.

#### Interest Rate Risk

The Group's exposure to market risk for interest rate variations affects long term loans taken out with banks, which terms and maturity dates are presented in the Consolidated Financial Statements as at 31 December 2006. In order to manage this risk efficiently, the Group executes IRS (interest rate swap) contracts, whereby, at specific maturities, it agrees to exchange the difference calculated between fixed-rate and variable-rate interest, referring to a predefined notional capital. The swaps are assigned to hedge the underlying liabilities.

#### Currency Risk

The Group uses the Euro as the currency for all its acquisitions and disposals.

#### Market Price Risk

The Group's exposure to market price risk is minimal, given that revenues and costs are agreed over long-term contracts.

#### Credit Risk

The Group deals only with well-known, reliable customers, and approximately 39.9% of its revenues are sourced from affiliates.

#### Equity management

The main objective of the Group's equity management activity is to ensure that a solid credit rating and adequate capital ratios are maintained in order to support operations and to maximise shareholders' value.

The Group manages and changes its capital structure according to changes in economic conditions. To maintain or adjust its capital structure, the group can adjust the level of dividends paid, reimburse capital or issue new shares.

No changes to objectives, policies and procedures was made during the first half of 2007.

	<i>30/06/2007</i>	<i>31/12/2006</i>
Interest Bearing Loans	549,083,324	361,999,628
Trade Debt and other payables	11,180,328	16,035,616
Cash and Cash Equivalents	-305,202,628	-20,499,241
Net Debt	255,061,024	357,536,003
Net Equity	722,523,797	580,330,820
Retained Earnings	0	-9,878,725
Total Capital	722,523,797	570,452,095
<b>Equity and net debt</b>	<b>977,584,821</b>	<b>927,988,098</b>
Debt/Equity Ratio	26.09%	38.53%

The Group monitors its equity measuring the debt/capital ratio, that is comparing net debt to the total of equity plus net debt. The group includes in the net debt calculation, interest bearing financing, trade

payables and other debts, net of liquid assets and cash equivalents. Equity includes the equity attributable to shareholders net of retained earnings.

## Note 15) Derivatives Instruments

The Group has executed financial derivative contracts for the use of structured products called *interest rate swaps*; these contracts fall into the scope of the operating activity of interest rate risk management, and have been signed with the aim of reducing the level of interest rate risk on outstanding loans. Under these contracts, the parties agree to pay or collect certain sums at pre-established maturities, calculated on the basis of the spread between different interest rates.

No new derivative transactions have been made during the first quarter 2007, as compared with the end of the previous financial year.

## Note 16) Commitments and Risks

- agreement for the purchase, from an unrelated party, of the retail park at the "Mondovicino shopping centre and recreational park" located in Mondovi; more precisely, the purchase, for a sum of 39.5 million Euros, consist of the building housing the retail park and the company MV S.r.l., which will develop the mall next to the retail park;
- preliminary agreement for the acquisition, from an unrelated party, of a shopping centre located in Guidonia with approximately 53,000 sq.m. of gross useable area. The overall investment will amount to approximately 101.5 million Euros;
- preliminary agreement for the purchase from an unrelated party of a land area of 82,000 sq.m. in Conegliano (Treviso) for the development of a Shopping Centre, at the total value of 43 million Euros;
- preliminary agreement for the purchase, from an unrelated party, of a Shopping Mall measuring approximately 14,000 sq.m. of GLA in Palermo, for the total amount of approximately 45.5 million Euros;
- preliminary agreement for the purchase of a Shopping Mall of 14,919 sq.m. of GLA located in Catania (Gravina) for a total consideration of approximately 53 millions Euros;
- preliminary agreement for the purchase of a land area of 15,000 sq.m. in Conegliano Veneto (Treviso), from an unrelated party, for a consideration of 6.437 million euros. This piece of land is located next to the area of the preliminary contract dated October 2005 where both a Shopping Centre and mid-size shop surfaces are going to be developed;
- the real estate transaction "Darsena City", located in Ferrara, which, even if having one single objective, is structured over two separate time stages and several contracts, including:
  - a. the purchase of a Shopping Centre with GLA of 16,368 sq.m., and additional Shopping Mall and parking lot, for a consideration of approximately 56 million Euros, subject to possible future adjustment, with 6-year lease contract and future extension;
  - b. preliminary contract for the purchase of a future building, under construction and adjacent to the one mentioned above, with an area of 10,500 sq.m., a further GLA of approximately 3,960 sq.m., and for a consideration of around 19,9 million Euros, subject to eventual adjustment;
  - c. preliminary company acquisition contract for the whole complex, to be exercised jointly with the contract for the real estate asset under construction, at the provisional price of 1 million Euros, subject to price adjustment, based on the level of revenues of the company at the time of final completion;
  - d. agreement defining the contractual links among the various contracts and setting the definitive criteria for the determination of the final price for the sale of the business and of the building under construction and the possible adjustment in the price of the asset initially sold, with assignment to the seller of the option to terminate the preliminary contracts should the total consideration of the transaction fall below 70.7 million Euros, subject to the condition that the seller repurchases the building at point a);
- preliminary contract for the acquisition, from an unrelated party, of a Shopping Mall in Trapani for a total investment of approximately Eur 54.67 millions, of which Eur 5.46 million paid as confirmatory advance payment upon execution of the contract.

- agreement with Gam, a company of the Despar Italia Group, an unrelated party involved in the development and management of shopping centres in Southern Italy, for the acquisition of a 50/50 shareholding in a new company to be established. This company will own a Shopping Center in Vibo Valentia consisting of one hypermarket of approximately 6,000 sq.m. of shopping surface and a Mall of 12,632 sq.m. of GLA, which opening is expected by next November 2007. The agreement includes an option, after completion of the start-up period within the end of 2009, to purchase a shareholding up to 50% of the share capital of the company owning the Vibo Shopping Centre, which value is estimated at approximately Eur 70 million, through the subscription of a capital increase up to Eur 70 million reserved to IGD, should new opportunities of development arise in the area of interest, or through an outright purchase of the shareholding.

Furthermore, the Group has outstanding mortgages on own assets for an amount of approximately 869.080 million Euros pledged as guarantee on loans from the banking system, and has given guarantees to third parties as performance commitment on various developments under construction and for the payment of rents on real estate. As required by IAS 38, we note that, as of 30 June 2007, the Group has no undertakings for the acquisition of intangible assets, and that there are no restrictions on the use of the rights accounted for as intangible assets.

## **Note 17) Events subsequent to the interim financial statements**

Since the date of approval of this interim report, no events have occurred which could affect its truthfulness.

# IGD SPA FINANCIAL STATEMENTS

**BALANCE SHEET IGD SPA**

	Notes	30-Jun-07 (a)	30-Jun-06 (b)	Changes (a-b)
<b>NON CURRENT ASSETS:</b>				
<b>Intangible Assets:</b>				
- Intangible Assets with a defined life		7,291	8,009	(718)
- Goodwill		2,544,184	2,544,184	0
		<u>2,551,475</u>	<u>2,552,193</u>	<u>(718)</u>
<b>Tangible Assets</b>				
- Real Estate Assets		692,780,000	671,857,000	20,923,000
- Plant & Machinery		302,578	345,821	(43,243)
- Equipment		87,204	105,142	(17,938)
- Leasehold Improvements		176,361	229,483	(53,122)
- Assets under Construction		86,830,488	145,607,470	(58,776,982)
		<u>780,176,631</u>	<u>818,144,916</u>	<u>(37,968,285)</u>
<b>Other non current assets</b>				
- Prepaid Taxes		3,261,400	2,517,795	743,605
- Miscellaneous Receivables and Other Non Current Assets		204,794,469	140,253,202	64,541,267
- Non Current Financial Assets		6,245,590	3,441,200	2,804,390
- Non Current Financial Assets vs. Affiliates		6,401,266	0	6,401,266
		<u>220,702,725</u>	<u>146,212,197</u>	<u>74,490,528</u>
<b>TOTAL NON CURRENT ASSETS (A)</b>		<b>1,003,430,831</b>	<b>966,909,306</b>	<b>36,521,525</b>
<b>CURRENT ASSETS:</b>				
Trade and Other Receivables		5,761,616	5,722,444	39,172
Trade and Other Receivables from Affiliates		1,407,316	3,250,817	(1,843,501)
Other Current Assets		5,863,946	16,664,563	(10,800,617)
Financial Receivables and Other Curr. Fin. Receivables		40,007,200	0	40,007,200
Financial Receivables and Other Curr. Fin. Receivables from Affiliates		22,995	7,069	15,926
Cash and Cash Equivalents		263,769,139	16,600,556	247,168,583
<b>TOTAL CURRENT ASSETS (B)</b>		<b>316,832,212</b>	<b>42,245,449</b>	<b>274,586,763</b>
<b>TOTAL ASSETS (A + B)</b>		<b>1,320,263,043</b>	<b>1,009,154,755</b>	<b>311,108,288</b>
<b>NET EQUITY:</b>				
<b>TOTAL NET EQUITY ( C )</b>		<b>716,728,362</b>	<b>579,171,535</b>	<b>137,556,827</b>
<b>NON CURRENT LIABILITIES</b>				
Non Current Financial Liabilities		365,223,177	179,063,610	186,159,567
Severance Indemnity Fund (TFR)		341,308	285,678	55,630
Deferred Tax Liabilities		53,752,475	40,539,457	13,213,018
Provision for Risks and Deferred Charges		443,854	502,184	(58,330)
Misc. Payables and Other Non Current Liabilities		223,055	173,933	49,122
Misc. Payables and Oth. Non Current Liabilities vs. Affiliates		11,656,461	11,620,655	35,806
<b>TOTAL NON CURRENT LIABILITIES (D)</b>		<b>431,640,330</b>	<b>232,185,517</b>	<b>199,454,813</b>
<b>CURRENT LIABILITIES</b>				
Current Financial Liabilities		76,228,583	182,838,098	(106,609,515)
Current Financial Liabilities vs. Affiliates		83,706,328	97,920	83,608,408
Trade and Other Payables		7,551,265	10,921,150	(3,369,885)
Trade and Other Payables vs. Affiliates		1,112,201	2,314,486	(1,202,285)
Current Tax Liabilities		1,795,610	268,095	1,527,515
Other Current Liabilities		1,500,364	1,357,954	142,410
<b>TOTAL CURRENT LIABILITIES (E)</b>		<b>171,894,351</b>	<b>197,797,703</b>	<b>(25,903,352)</b>
<b>TOTAL LIABILITIES (F=D + E)</b>		<b>603,534,681</b>	<b>429,983,220</b>	<b>173,551,461</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>		<b>1,320,263,043</b>	<b>1,009,154,755</b>	<b>311,108,288</b>

**INCOME STATEMENT IGD SPA**

	30-Jun-07	30-Jun-06	Changes
	(a)	(b)	(a-b)
Revenues:	28,058,600	20,334,274	7,724,326
- Revenues vs. Affiliates	13,644,215	11,649,305	1,994,910
- Revenues vs. Third Parties	14,414,385	8,684,969	5,729,416
Other Revenues:	2,538,053	127,447	2,410,606
- Other Revenues	2,538,053	127,447	2,410,606
<b>Total Sales and Operating Revenues</b>	<b>30,596,653</b>	<b>20,461,721</b>	<b>10,134,932</b>
Purchases of Materials and Outsourced Services:	8,289,378	13,629,278	(5,339,900)
- Purchases of Materials Centro Leonardo	0	11,793,075	(11,793,075)
- Purchases of Materials and Outsourced Services	6,699,942	1,581,794	5,118,148
- Purchases of Materials and Outsourced Services from Affiliates	1,589,436	254,409	1,335,027
Personnel Costs	1,918,836	558,162	1,360,674
Other Operating Costs	1,449,768	1,094,680	355,088
Change in Inventory:	0	(11,793,075)	11,793,075
- Change in Inventory Centro Leonardo	0	(11,793,075)	11,793,075
<b>EARNINGS BEFORE DEPRECIATION, AMORTISATION GAIN/LOSS ON DISPOSALS, REVERSALS/WRITE-OFFS OF NON CURRENT ASSETS (EBITDA)</b>	<b>18,938,671</b>	<b>16,972,676</b>	<b>1,965,995</b>
Depreciation and Amortisation	144,662	13,664	130,998
Change in fair Value	20,505,677	39,821,931	(19,316,254)
<b>OPERATING INCOME (EBIT)</b>	<b>39,299,686</b>	<b>56,780,943</b>	<b>(17,481,257)</b>
Financial Income	3,460,811	3,662,844	(202,033)
Financial Expense	8,988,144	5,064,237	3,923,907
Financial Expense vs. Affiliates	1,052,868	103,135	949,733
<b>EARNINGS BEFORE TAX (EBT)</b>	<b>32,719,485</b>	<b>55,276,415</b>	<b>(22,556,930)</b>
Income Tax for the Period	13,297,943	20,700,532	(7,402,589)
<b>NET INCOME</b>	<b>19,421,542</b>	<b>34,575,883</b>	<b>(15,154,341)</b>
<i>Attributable to:</i>			
* Parent Company Interest	19,421,542	34,575,883	
* Minority Interest	0	0	
<i>Earnings per Share</i>			
- Base calculated on Income for the Period	0.067	0.116	
- Diluted calculated on Income for the Period	0.067	0.116	

**STATEMENT OF CHANGES IN NET EQUITY IN THE FIRST HALF 2006**

	Share Capital	Share Premium Reserves	Legal Reserve	Other Reserves	Retained Earnings (Losses)	Net Income for the period	Net Equity
<b>Balance at 31 December 2005 - IAS/IFRS</b>	282,249,261	76,180,288	998,720	85,052,210	103,649	81,603,774	526,187,902
Distribution of 2005 earnings			359,197	74,488,379	546,714	(75,394,290)	0
Dividends Paid						(6,209,484)	(6,209,484)
Changes in the Consolidation Area					1,007,286		1,007,286
Unrealised gains (losses) arising from the fair value assessment of derivative hedge instruments				3,878,422			3,878,422
Income taxes				(1,082,371)			(1,082,371)
Net income (loss) for the period						34,575,883	34,575,883
<b>Balance at 30 June 2006 - IAS/IFRS</b>	282,249,261	76,180,288	1,357,917	162,336,640	1,657,649	34,575,883	558,357,638

**STATEMENT OF CHANGES IN NET EQUITY IN THE FIRST HALF OF 2007**

	Share Capital	Share Premium Reserves	Legal Reserve	Other Reserves	Retained Earnings (Losses)	Net Income for the period	Net Equity
<b>Balance at 31 December 2006 - IAS/IFRS</b>	282,249,261	76,180,288	1,357,917	162,205,737	1,657,649	55,520,683	579,171,535
Distribution of 2006 earnings			2,776,035	35,808,091	7,057,832	(45,641,958)	0
Dividends Paid						(9,878,725)	(9,878,725)
Share Capital Increase	27,000,000	71,550,000		(2,056,764)			96,493,236
Convertible Bonds Issue				29,694,648			29,694,648
Unrealised gains (losses) arising from the fair value assessment of derivative hedge instruments				2,804,390			2,804,390
Income Taxes				(978,264)			(978,264)
Net income (loss) for the period						19,421,542	19,421,542
<b>Balance at 30 June 2007 - IAS/IFRS</b>	309,249,261	147,730,288	4,133,952	227,477,838	8,715,481	19,421,542	716,728,362

<b>CASH FLOWS STATEMENT FOR THE PERIOD ENDED</b>	<b>30/06/2007</b>	<b>30/06/2006</b>
<i>(in Euros)</i>		
<b>CASH FLOWS FROM OPERATIONS</b>		
<b>Net Income for the Period</b>	<b>19,421,542</b>	<b>34,575,883</b>
<b>Reconciliation of the income for the period with the cash flows generated (used) for the operating activity:</b>		
Depreciation and Amortisation	144,662	13,664
Net Change in Deferred Tax (assets) and liabilities for (prepaid) deferred taxes	12,469,413	19,559,251
Change in the Fair Value of Real Estate Assets	(20,505,677)	(39,821,931)
Changes due to impairment test	0	0
Change in Inventory	0	(11,793,075)
Net Change in current assets and liabilities	9,061,487	(26,718,109)
Net Change in current assets and liabilities vs. Affiliates	641,216	2,443,772
Net Change in non current assets and liabilities	1,853,143	2,564,702
Net Change in non current assets and liabilities vs. Affiliates	35,806	523,332
<b>CASH FLOWS FROM OPERATIONS (a)</b>	<b>23,121,592</b>	<b>(18,652,511)</b>
Investments in Fixed Assets	58,330,016	(73,969,674)
Investments in Consolidated Subsidiaries	(64,521,862)	0
<b>CASH FLOW USED FOR INVESTMENTS (b)</b>	<b>(6,191,846)</b>	<b>(73,969,674)</b>
Purchase of non current financial assets	(6,401,266)	(3,240,465)
Purchase of non current financial assets vs. Affiliates	(2,804,390)	0
Change in financial receivables and other current receivables	(40,007,200)	13,795,447
Change in financial receivables and other current receivables vs. Affiliates	(15,926)	(3,266,522)
Share Capital Increase	96,493,236	0
Share Capital Increase - Convertible Bonds Issue	29,694,648	
Dividends received by Parent Company	0	1,007,286
Dividend Payment	(9,878,725)	(6,209,484)
Change in current financial liabilities	(106,609,515)	73,632,875
Change in current financial liabilities vs. Affiliates	83,608,408	3,914,608
Change in non current financial liabilities	186,159,567	(10,579,017)
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES (c)</b>	<b>230,238,837</b>	<b>69,054,728</b>
<b>NET INCREASE (DECREASE) OF CASH ASSETS FOR THE PERIOD</b>	<b>247,168,583</b>	<b>(23,567,457)</b>
<b>CASH ASSETS AT THE START OF THE PERIOD</b>	<b>16,600,556</b>	<b>25,424,363</b>
<b>CASH ASSETS AT THE END OF THE PERIOD</b>	<b>263,769,139</b>	<b>1,856,906</b>